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1996 BUDGET SUMMARY



U.S. DEPARTMENT OF AGRICULTURE

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INTRODUCTION

This booklet describes the fiscal year 1996 budget for the U.S. Department of Agriculture (USDA). On October 13, 1994, the President signed into law the Department of Agriculture Reorganization Act of 1994. This booklet presents the 1996 budget on the basis of this legislation. Fiscal year 1994 and 1995 data have been adjusted for comparability. All references to years refer to fiscal year, except where specifically noted. Throughout the booklet, acronyms are used to refer to the Food, Agriculture, Conservation, and Trade Act of 1990 (1990 FACT Act), the Omnibus Budget Reconciliation Act of 1990 (OBRA of 1990) and the Omnibus Budget Reconciliation Act of 1993 (OBRA of 1993).

The booklet is divided into the following sections:

- Highlights. This section is a brief summary of the most significant 1996 budget proposals for the Department of Agriculture.
- Reorganization/Streamlining. This section describes the reorganization of the Department.
- Agency Programs. This section provides agency by agency detail (based on the new organization) of the 1996 budget proposals.
- Appendix Tables.

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals:

- "Program Level" represents the gross financial value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- "Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.
- "Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.
- "Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1996 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area. The reader should

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also understand that many 1996 estimates are very tentative especially where programs are sensitive to weather or economic conditions. Questions may be referred to the Office of Budget and Program Analysis at (202) 720-6176.

PROGRAM LEVEL AND OUTLAYS

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Agency/Program	Program Level			Outlays		
	1995 Current Estimate	1996 Budget	Change 1995 to 1996	1995 Current Estimate	1996 Budget	Change 1995 to 1996
FARM AND FOREIGN AGRICULTURAL SERVICES						
Consolidated Farm Service Agency:						
Farm Credit Programs	\$3,319	\$3,210	-\$109	\$204	\$205	\$1
Crop Insurance	1,838	2,057	219	709	1,361	652
Conservation Reserve Program	1,859	1,926	67	1,859	1,926	67
Other Conservation Programs	123	53	-70	238	118	-120
Commodity Credit Corporation Programs	18,622	16,899	-1,723	10,623	9,073	-1,550
Salaries and Expenses	980	1,027	47	1,129	1,030	-99
Pre-credit Reform Loans	0	0	0	-883	-772	111
Total, Consolidated Farm Service Agency .	26,741	25,172	-1,569	13,879	12,941	-938
Foreign Agricultural Service:						
Export Credit Guarantees	5,700	5,700	0	*	*	*
Market Promotion Program	110	110	0	*	*	*
Export Enhancement Program	800	959	159	*	*	*
Food for Progress	142	142	0	*	*	*
Other Export Promotion Programs	138	140	2	**	**	**
P.L. 480	1,146	1,024	-122	1,532	1,070	-462
Pre-credit Reform Loans	0	0	0	-505	-474	31
Salaries and Expenses	161	173	12	113	130	17
Total, Foreign Agricultural Service	8,197	8,248	51	1,140	726	-414
Total, Farm and Foreign Agricultural Svcs.	34,938	33,420	-1,518	15,019	13,667	-1,352
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT						
Rural Utilities Service:						
Rural Utility Loans and Grants	2,642	3,174	532	589	645	56
Salaries and Expenses	79	74	-5	79	74	-5
Pre-credit Reform Loans	0	0	0	-791	-431	360
Total, Rural Utilities Service	2,721	3,248	527	-123	288	411
Rural Housing and Community Development Service:						
Rural Housing Loan and Grant Programs	2,858	3,509	651	1,208	979	-229
Rural Community Loan and Grant Programs .	254	353	99	21	29	8
Salaries and Expenses	435	460	25	435	460	25
Pre-credit Reform Loans	0	0	0	514	252	-262
Total, Rural Housing and Community Development Service	3,547	4,322	775	2,178	1,720	-458
Rural Business and Cooperative Development Service:						
Rural Business and Cooperative Development Loans and Grants	682	1,010	328	61	95	34
Salaries and Expenses	32	35	3	32	35	3
Pre-credit Reform Loans	0	0	0	2	-1	-3
Total, Rural Business and Cooperative Development Service	714	1,045	331	95	129	34
Total, Rural Economic & Community Development	6,982	8,615	1,633	2,150	2,137	-13
Performance Partnership Program		(2,806)	(2,806)		(122)	(122)

PROGRAM LEVEL AND OUTLAYS

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Agency/Program	Program Level			Outlays		
	1995 Current Estimate	1996 Budget	Change 1995 to 1996	1995 Current Estimate	1996 Budget	Change 1995 to 1996
FOOD, NUTRITION, AND CONSUMER SERVICES						
Food and Consumer Service:						
Food Stamp Program	\$26,308	\$27,263	\$955	\$26,555	\$27,253	\$698
Child Nutrition Programs	8,062	8,555	493	8,045	8,483	438
Women, Infants and Children (WIC)	3,470	3,820	350	3,500	3,829	329
Commodity Distribution Programs	363	369	6	371	353	-18
Emergency Food Assistance Program	65	40	-25	72	40	-32
All Other	177	191	14	183	193	10
Total, Food and Consumer Service	38,445	40,238	1,793	38,726	40,151	1,425
Section 32 Funds	285	300	15	108	31	-77
Total, Food, Nutrition, and Consumer Services	38,730	40,538	1,808	38,834	40,182	1,348
NATURAL RESOURCES AND ENVIRONMENT						
Natural Resources Conservation Service:						
Conservation Operations	603	646	43	577	635	58
Wetlands Reserve Program	83	210	127	55	80	25
Watershed and Flood Prevention Operations	70	100	30	322	170	-152
Other Conservation Cost-share Programs	23	20	-3	62	45	-17
Other Programs	57	48	-9	58	52	-6
Total, Natural Resources Conservation Service	836	1,024	188	1,074	982	-92
Forest Service	3,374	3,176	-198	3,167	3,149	-18
Total, Natural Resources and Environment	4,210	4,200	-10	4,241	4,131	-110
FOOD SAFETY						
Food Safety and Inspection Service	622	678	56	529	485	-44
RESEARCH, EDUCATION, AND ECONOMICS						
Agricultural Research Service	726	724	-2	717	723	6
Cooperative State Research, Education, and Extension Service	872	882	10	864	886	22
Economic Research Service	54	55	1	54	55	1
National Agricultural Statistics Service	81	90	9	80	88	8
Subtotal, Research, Education, and Economics	1,733	1,751	18	1,715	1,752	37
Construction	106	30	-76	111	102	-9
Total, Research, Education, & Economics	1,839	1,781	-58	1,826	1,854	28
MARKETING AND REGULATORY PROGRAMS						
Agricultural Marketing Service	231	237	6	159	161	2
Animal and Plant Health Inspection Service	468	450	-18	442	416	-26
Grain Inspection, Packers & Stockyards Admin.	66	67	1	23	7	-16
Total, Marketing and Regulatory Programs	765	754	-11	624	584	-40
DEPARTMENTAL ACTIVITIES						
Departmental Offices	160	167	7	156	165	9
Centrally Financed Activities	171	311	140	159	213	54
Total, Departmental Activities	331	478	147	315	378	63
Subtotal, USDA	88,417	90,464	2,047	63,540	63,416	-124
RECEIPTS	0	0	0	-1,227	-1,140	87
USDA, TOTAL	\$88,417	\$90,464	\$2,047	\$62,313	\$62,276	-\$37

* Net outlays attributable to these activities are included in CCC totals.

** Funding from CCC and Section 32.

HIGHLIGHTS

Funding Overview

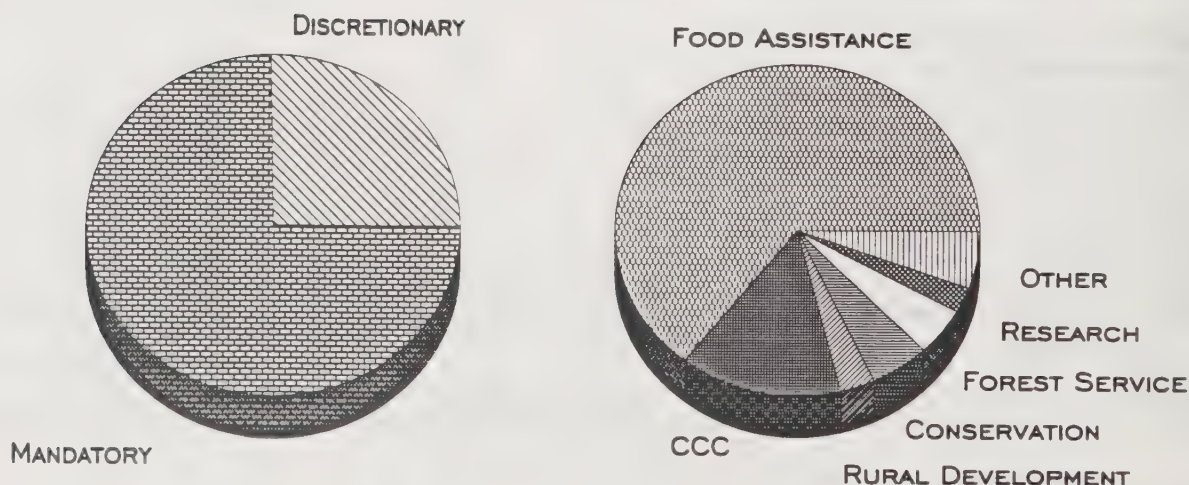
Budget authority to support USDA programs increases by \$2.1 billion from the 1995 level to a total of \$64.0 billion in 1996. The largest increases would support additional loans and grants for rural water and waste disposal programs, signup of additional acres into the Wetlands Reserve Program and higher costs estimated for the domestic food assistance programs. In terms of outlays, the budget proposes \$62.3 billion for 1996, the same level as the current estimate for 1995.

As shown in the chart below, about three-fourths of USDA outlays, \$46.6 billion in 1996, are tied to mandatory programs. These are programs that provide services to all eligible recipients as defined in law and include most of the food assistance programs (except the Women, Infants and Children (WIC) Program), commodity programs and the Conservation Reserve Program.

Discretionary programs, about \$15.7 billion in 1996, or one-fourth of the USDA outlay level, include activities that encourage rural economic development, inspect meat, poultry and egg products, conduct research and provide technical assistance, manage the National Forests and provide domestic and international marketing assistance. The WIC nutrition program is also a discretionary program. Outlays for these programs as a group decline by \$0.3 billion from 1995 in total, although certain programs are increased while others are decreased. In addition, the total outlay impact of these discretionary programs is moderated by proposals to impose new user fees. Savings resulting from USDA reorganization and streamlining efforts are also reflected in the budget.

U.S. DEPARTMENT OF AGRICULTURE FISCAL YEAR 1996

Total Outlays \$62.3 Billion



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Reorganization/Streamlining

On October 13, 1994, the Department of Agriculture Reorganization Act of 1994 was signed into law. This Act was based on the Administration's proposed legislation to restructure the Department along mission lines. Under the reorganization, USDA agencies are reduced from 43 to 29 and administrative support units are consolidated for each mission area. Along with the headquarters restructuring, actions are under way to restructure the field offices over the next several years. USDA one-stop Field Office Service Centers will be established as 1,170 field offices are closed or consolidated. When the establishment of the Centers is complete, USDA customers will be served through about 2,500 locations housing the Consolidated Farm Service Agency and the Natural Resources Conservation Service. In addition, other agencies may also be collocated in the Centers. Also, field structures of other agencies are being streamlined to better meet the needs of customers and reduce costs.

As part of the reorganization and streamlining efforts, the Department's Federal employment will be reduced by over 13,200 staff years and non-Federal employment by more than 1,100 staff years by 1999. By 1999 the Department will achieve savings of \$2.8 billion in personnel costs and \$1.3 billion in other administrative costs. (See page 15.)

The following is a summary of the 1996 budget by mission area. More detailed information is provided under the relevant section of this document.

Farm and Foreign Agricultural Services

The program level for the Farm and Foreign Agricultural Services area is projected to increase from \$30 billion in 1994 to \$35 billion in 1995, and to decrease to \$33 billion in 1996. The increase in 1995 reflects a higher program level for farm credit, crop insurance, commodity and export programs, while the decrease in 1996 largely reflects reduced commodity program spending. Increased program levels for export promotion programs are consistent with the Administration's "greenbox" commitments to increase export enhancement and related programs by \$600 million over 5 years beginning in 1995. (See page 21.)

Crop Insurance. The budget provides full funding for implementing the major reform of the Federal crop insurance program which was proposed in the 1995 budget and enacted in October 1994. Under the new program, about 80 percent of the Nation's producers will be protected against catastrophic losses, having 50 percent of their normal yield covered at 60 percent of expected price. Producers will also have the opportunity to buy-up to higher levels of coverage. Producers who participate in certain other farm programs will be required to obtain catastrophic coverage, but it will be available to them at no cost, except for a modest processing fee. Producers who buy-up will pay a portion of the premium cost, but the Government will provide a premium subsidy and pay all delivery costs. Producers of noninsurable crops will be eligible for comparable payment assistance, but only when losses exceed trigger levels for the local area rather than for the specific farm.

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Conservation Reserve Program (CRP). The CRP offers producers annual rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally sensitive land from production. In the 12 CRP signups held since 1986, about 36.4 million acres have been entered into the program. Producers holding CRP contracts expiring on September 30, 1995, affecting about 2 million acres, will have the option to modify them to extend the expiration date for a period of 1 year. Further, as announced in December 1994, in addition to having the opportunity to modify and extend their contracts upon maturity, all CRP participants will be allowed the opportunity during calendar year 1995 to request an early release from their contracts. This will enable the Department to retarget the CRP and enroll more environmentally sensitive acres under new 10-year contracts. The amount of acreage enrolled is expected to reach the maximum of 38 million acres allowed under current law by December 31, 1995, and decline gradually thereafter to a level of about 33 million acres by the year 2000 as some participants are expected to let their contracts expire rather than extend them.

Commodity Credit Corporation (CCC) Spending. Net outlays for CCC domestic and export programs are projected to decline from \$10.6 billion in 1995 to \$9.1 billion in 1996. The reduction in net outlays in 1996 reflects an expected return to normal yields following record corn yields in 1994, as well as the elimination of spending for *ad hoc* disaster assistance as crop insurance reform is implemented effective with the 1995 crop. The 1995 and 1996 estimates are tentative since CCC programs are sensitive to weather and economic conditions.

CCC budget estimates also reflect the continuing impacts of reduction in payment acres, increased marketing assessments, and other provisions of the 1990 FACT Act and OBRA of 1990. Average annual CCC outlays are projected to decline from \$16 billion for the period 1986-90 to \$11 billion for the period 1991-95, and to less than \$8 billion for the period 1996-2000.

Budget estimates also reflect the impact of OBRA of 1993 and legislation phasing out the wool and mohair program (1993 amendments to the National Wool Act of 1954), regulatory actions to expand the use of ethanol, recent legislation implementing the North American Free Trade Agreement and the GATT Uruguay Round Agreement and administrative actions to extend contracts under CRP.

The Budget does not include Farm Bill proposals for the commodity price and income support programs. However, reductions estimated at \$1.5 billion over the 1998-2000 period are contained in the budget. Specific measures to achieve the targeted savings will be proposed at a later date.

Export Programs. The budget includes a total program level of \$8.2 billion for the Department's international programs and activities. The 1996 proposals have been developed to take advantage of new export sales opportunities which are expected to emerge as the market opening provisions of the General Agreement on Tariffs and Trade (GATT) Uruguay Round Agreement are implemented. The budget also includes higher program levels for certain export promotion activities consistent with the Administration's "greenbox" commitment to increase the program levels of USDA export promotion and

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related programs by \$600 million over the next 5 years. Included in the "greenbox" proposals are the implementation of a new supplier export credit guarantee activity; an expansion of Food for Progress food aid programming; and increased funding for the Foreign Agricultural Service for an expansion of its overseas offices, trade shows and missions, and other market development activities. The budget also includes supplemental appropriations language to increase funding for the Market Promotion Program to its fully authorized level of \$110 million in 1995 and continues the program at this level in 1996. The 1996 program levels for the Department's export subsidy programs have been established in accordance with the annual quantity and expenditure ceilings for agricultural subsidies required by the Uruguay Round Agreement on Agriculture. Funding for P.L. 480 foreign food assistance will be reduced in 1996 as a result of constrained spending targets for U.S. international programs and the need to accommodate increased expenditures for other priority activities.

Rural Economic and Community Development

The budget maintains the Administration's support for programs in the rural economic and community development area. For most programs, the budget provides for a program level of loans, grants or other assistance that is at least equal to the level appropriated for 1995. In many cases, the amount of subsidy provided to maintain the direct program level has been increased significantly due to rising Treasury interest rates. There also are significant increases in the levels of some programs: notably water and waste disposal grants, business and industry loan guarantees, single-family housing loan guarantees, and a new loan program for telecommunication facilities to support distance learning and telemedicine. (See page 40.)

Performance Partnership Proposal. The Administration is proposing to improve the delivery of program assistance by providing more flexibility for tailoring assistance to local needs. Currently, funding for the various categorical programs in the Rural Economic and Community Development (RECD) area is distributed among the States, separately for each program. The mix of funding may not match local needs. The performance partnership proposal would allow RECD State Directors, in consultation with State and local officials and the State Rural Development Councils, to adjust the mix of funding they administer based on the needs of the individual States. It is anticipated that this proposal will reduce overhead, and improve the delivery of program assistance.

Water 2000. The budget includes a substantial increase for water and waste disposal grants. This increase is consistent with the Water 2000 initiative, which is designed to provide access to running water for every household in rural America by the year 2000. It would allow the poorest rural communities, that are unable to repay loans, to participate in the water and waste disposal program. This program is included in the performance partnership proposal.

Electric and Telecommunications Loans. The budget maintains the rural electric and telecommunications programs at least equal to the levels that were intended with enactment of the 1995 Agriculture, Rural Development, Food and Drug Administration,

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and Related Agencies Appropriations Act. In the case of electric loans made by the Federal Financing Bank, the budget provides for a \$100 million increase.

Rural Telephone Bank. The budget provides for the full privatization of the Rural Telephone Bank (RTB). Existing legislation already provides that privatization should be initiated in 1996, but does not specify when it should be completed. The budget would provide for the redemption of Government-owned stock to fully accomplish this in 1996. It is anticipated that the privatized RTB will be financially strong enough to borrow for its lending purposes from the private sector, and that it will continue to play a vital role in providing financing for telecommunications in rural America.

Food, Nutrition, and Consumer Services

The Department's 1996 budget request of over \$40 billion for food assistance preserves the nutritional safety net for needy Americans, especially children. About 85 percent of the budget goes to low-income children and women with children under 6 years of age. (See page 51.)

Food Stamps. The budget funds the Food Stamp Program at \$27.3 billion. This is a \$955 million increase over 1995, most of which is accounted for by increased food costs and a small increase in anticipated participation. In addition, \$2.5 billion is requested for a reserve to be used if needed to carry out program operations. Emphasis on strengthening program integrity and efficiency by implementing Electronic Benefits Transfer (EBT) and reducing overpayments will continue.

Child Nutrition Programs. These programs would be funded at \$8.6 billion, an increase of about \$500 million over 1995. The increase is accounted for by food cost increases and participation increases principally in the child care and breakfast programs. The Food and Consumer Service will continue the School Meals Initiative for Healthy Children, to assist schools in meeting the *Dietary Guidelines for Americans*.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The budget request for WIC is \$3.8 billion, a \$350 million increase for this discretionary program. This increase will support over 400,000 WIC eligibles as well as cover cost increases for the program.

Nutrition Education. An increase for nutrition education is also planned. Of particular importance will be the development of a multi-media effort to inform all Americans about the *Dietary Guidelines*.

Natural Resources and Environment

Total funding requested in 1996 for the Natural Resources Conservation Service will amount to just over \$1 billion, an increase over 1995 of \$187 million or 22 percent. At this level, the Department will support higher enrollment levels for the Wetlands Reserve Program, a refocused watershed program, and sufficient technical staff to carry out the

HIGHLIGHTS

Department's conservation compliance efforts and other high priority elements of the conservation workload. (See page 58.)

Conservation Operations. For 1996, the Conservation Operations (CO) budget is proposed at a level of \$645.8 million, an increase of \$42.4 million over 1995. More than 85 percent of the CO budget is used to support the conservation technical assistance (CTA) program through which the Department delivers technical services to land users through nearly 3,000 conservation districts across the United States. Over the past several years, the CTA activity has been focused on implementing the conservation provisions of the 1985 Food Security Act and the 1990 FACT Act which include a requirement that producers who farm highly erodible land must fully implement a conservation compliance plan in order to remain eligible for USDA program benefits. The statutory deadline for the installation of conservation compliance plans was December 31, 1994. More than 1.7 million plans on approximately 145 million acres were developed and estimates are that with the help of USDA technical assistance, about 95 percent of the plans were implemented to meet the deadline. While specific increases are not requested for this workload, it will continue to demand a large percentage of the Department's CTA resources. About \$13 million of the requested increase will be used to provide technical support to the conservation programs transferred to NRCS from CFSA under the reorganization and in particular to support an expanded, nationwide Wetlands Reserve Program. An additional \$8.1 million is requested to further develop the agency's geographic information system capacity, which is an important new technology that will help the Department modernize its field office operations and provide better services to farmers. Finally, smaller increases are included in the budget to provide additional support to AmeriCorps, Native Americans and to the Department's Centers of Excellence initiative with 1890 Institutions.

Wetlands Reserve Program (WRP). WRP was authorized by the 1990 FACT Act and allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. The OBRA of 1993 established a total enrollment target for WRP of 975,000 acres to be reached by the end of calendar year 2000. After the two limited signups of 1992 and 1994, the Department expects to have nearly 110,000 acres enrolled in the program. A third signup will be held nationwide in 1995 and the Department anticipates enrolling over 100,000 additional acres. The 1996 budget supports the Administration's wetlands policy calling for increased WRP funding and includes \$210 million to enroll 300,000 new acres. In addition, about 44,000 acres have been enrolled under the Emergency Wetlands Reserve Program which was funded through the 1994 emergency supplemental appropriation that was made to provide relief to those States affected by the Midwest floods.

Watershed and Flood Prevention Operations. A total of \$100 million is requested for this activity, an increase of \$30 million over 1995. The Department will continue to make significant changes in its watershed operations program in order to implement a new watershed approach that focuses resources on the most cost effective and environmentally beneficial projects and that emphasizes nonstructural management systems. During 1994, the Department conducted a comprehensive review of all planned but uncompleted projects and project measures. On the basis of this review, which

HIGHLIGHTS

involved input from State and local program officials and project sponsors, the Department proposes to fund only those projects that have strong local support, meet high environmental standards, and achieve high economic and ecological returns.

Forest Service. Total discretionary spending proposed for the Forest Service is \$2.4 billion, a 2 percent increase over 1995. This will support a 3.7 Billion Board Feet timber sales level while providing adequate resources for fire protection and suppression and implementation of the Northwest Forest Plan. There are significant increases in State and Private Forestry programs aimed at the improvement of private and community forest lands. (See page 63.)

Northwest Forest Plan. The Northwest Forest Plan identifies and protects key watersheds, old-growth forests, and numerous wildlife species within the range of the northern spotted owl. Logging will be permitted in areas outside the reserves and in a new land classification, Adaptive Management Areas, where resource managers and local communities will be enabled to develop innovative approaches to achieving conservation objectives. Before timber sales can be offered in most areas, watershed assessments must be completed, and there will be an extensive monitoring program to ensure that the Plan's standards and guidelines are being met. The Plan also provides technical and economic assistance to communities and individuals who have been dependent on Federal timber supplies. The 1996 budgets for the Forest Service and Rural Economic and Community Development programs provide \$193.2 million in budget authority and loans to continue implementing the Plan, a 3 percent increase over 1995.

Food Safety

The 1996 budget includes a 1995 supplemental funding request of \$9.1 million to help meet costs which are not adequately covered by current appropriations. For 1996, the budget proposes a program level of about \$678 million, a net increase of \$56 million over the 1995 current estimate after taking into account the supplemental request. Legislation will be proposed to recover 100 percent of the cost of providing inspection service beyond a primary approved shift for meat, poultry, and processed egg products establishments. An estimated \$106.8 million is expected to be collected in new user fees. (See page 69.)

Pathogen Reduction Program. The pathogen reduction program was established in 1993 to address food safety concerns from farm to table. The program includes live animal production activities, development of rapid analytical methods, analysis of slaughter and processing operations to reduce pathogens, education programs for food service and retail employees, and consumer education. An increase of \$11.9 million is requested for 1996 to enhance microbiological testing in slaughter, processing, and processed egg product establishments, increase enforcement activities, expand the evaluation and development of rapid microbiological testing, and increase the number of microbiological baselines conducted. The additional funding would also be used to initiate studies on the prevalence of microbiological contamination at the farm level and ways to reduce or eliminate such contamination.

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Inspector Staffing. The 1996 budget includes \$18.7 million to fill critical slaughter and processing inspection vacancies. These positions are necessary to ensure that frequency of inspection requirements established by the Federal Meat Inspection Act and the Poultry Products Inspection Act are fulfilled.

Research, Education, and Economics

Total funding for the Research, Education, and Economics agencies in 1996 is estimated at \$1.78 billion, a reduction of about \$60 million from 1995. Within the total, there is a small net reduction for Federal research conducted by the Agricultural Research Service. Laboratory closures and other savings will enable the agency to add \$25 million to high priority projects including: integrated pest management, food safety, human nutrition, and improved library information services. Basic support for university research and extension through the formula grant programs is maintained, but there are proposed reductions in selected programs that do not serve broad national interests. There is a net reduction in funding for construction of facilities for these agencies, however, facilities needed for high priority work at the Historically Black 1890 universities are supported. Legislation is proposed to extend the current authorization for construction of facilities at 1890 institutions through fiscal year 1997 and authorize a new program of competitively awarded grants for new construction, repair, renovation, and expansion of research, teaching and extension facilities. There are no program changes for the Economic Research Service while the National Agricultural Statistics Service is slated for an increase for additional pesticide surveys. (See page 74.)

Integrated Pest Management and Related Programs. The budget includes the funding needed to move ahead on the Integrated Pest Management (IPM) initiative announced by the Department in December 1994. These are the programs that deliver on the Administration's commitment to help agricultural producers implement IPM practices on 75 percent of total crop acreage by the year 2000. The IPM initiative will target research and education programs to meet producers' needs by increasing the roles of State and local entities and producers in setting priorities for these programs. In addition, there is increased funding for research on alternatives to pesticides that may be lost through pest resistance or regulation. Increases are also proposed to support the minor use registration program and collect data on use of pesticides and adoption of IPM practices.

National Research Initiative. The National Research Initiative supports fundamental and mission-linked research on the most urgent agricultural, food, and natural resource problems. Funds are awarded on a competitive, merit-reviewed basis. All public and private universities, research organizations, Federal agencies, corporations, and individuals are eligible to compete. The budget proposes an increase of \$26.9 million to take the total funding for the program to \$130 million.

Marketing and Regulatory Programs

The 1996 budget proposes a program level of \$754 million. Program priorities include increased funding for critical areas such as the development of organic standards governing the production and handling of agricultural products labeled organic, expanded

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monitoring of certified applicators of restricted use pesticides to ensure compliance with recordkeeping requirements, greater resources for plant pest and animal disease border inspections and improved financing of emergency program operations. The budget also proposes increased funds to improve the financial protection for contract poultry growers and to provide farmers the same protection from financial failures of livestock dealers as is currently provided to livestock dealers selling to packers. (See page 87.)

User and License Fees. Legislation will be proposed to recover the cost of providing services where there is a direct benefit to the industry or user and to increase flexibility for user fee program managers to meet demands for such services. New fees are proposed for administering marketing agreements and orders; inspecting facilities for compliance with animal welfare regulations; providing licensing, inspection and testing for animal biologics; issuing permits for biotechnologically derived products; conducting grain standardization activities; and providing financial protection under the Packers and Stockyards Act.

Legislation will be proposed to provide authority to permit the fees currently collected for commodity standardization activities to be made available to program managers without further Congressional appropriations. Also, it is requested that Agricultural Quarantine Inspection fees shall be available for authorized purposes without further appropriations. Program managers need the flexibility to match support services with actual demand for services. Such authority already exists for commodity grading operations and relies on customer input to oversee the fee structure.

Administration

Overall, the 1996 request for departmental administration activities proposes a current services budget with some minor programmatic increases to provide stronger centralized oversight to correct current deficiencies in USDA's management activities. In addition, the budget proposes an increase to fund the InfoShare program. (See page 98.)

InfoShare. InfoShare is a program to provide improved information resources management and communication at less cost in the Department's county-based, one-stop Service Centers. This long-term program will support the county-based field offices through reengineered business processes, compatible computer systems to ease data gathering and sharing and integrated telephone systems. For the customer, this field office of the future will offer such benefits as a central location to obtain information and to submit program applications, a reduction in paperwork, and more accurate and timely data regarding regulatory compliance. The 1996 InfoShare budget includes \$59 million requested as a direct appropriation. Funds will also be provided through the Commodity Credit Corporation.

Strategic Space Plan. The Department's Strategic Space Plan for Washington, D.C. buildings and facilities is based on projected reductions in staff at Washington headquarters over the next 5 years. In 1996, the Department is requesting \$135.8 million for its office facilities programs. USDA agencies currently lease office space in 18 privately-owned buildings in the metropolitan area. The 1995 appropriation provides

HIGHLIGHTS

funds to begin construction of a USDA office facility on the Beltsville, Maryland Complex and design an overall conceptual plan and the Phase I plan to modernize the South Building. The Strategic Space Plan, when complete, will eliminate the need for expensive leased space to house USDA employees in the Washington, D.C. area, and will provide more efficient and safe space in the South Building. Funds for completion of the Beltsville office facility are included in the 1996 request. To assure completion of the Beltsville facility prior to initiation of the South Building modernization and due to funding constraints, the 1996 budget does not include funds for the South Building renovation project. However, the Department plans to move forward with the modernization project in 1997.

REORGANIZATION/STREAMLINING

The Department of Agriculture Reorganization Act of 1994

Highlights

- Authorizes five under secretary positions and mandates one for Food Safety. It broadly specifies the functions to be assigned to each under secretary. These are:
 - Farm and Foreign Agricultural Services
 - Rural Economic and Community Development
 - Food, Nutrition, and Consumer Services
 - Natural Resources and Environment
 - Research, Education, and Economics
 - Food Safety (mandated by bill)
- Authorizes three assistant secretaries
 - Marketing and Regulatory Programs
 - Congressional Relations
 - Administration
- Combines farmer programs under the new Consolidated Farm Service Agency
 - Allows the Secretary to establish a new Consolidated Farm Service Agency (CFSA) that combines the functions of the Agricultural Stabilization and Conservation Service (ASCS), Federal Crop Insurance Corporation (FCIC) and the farm lending activities of the Farmers Home Administration (FmHA).
 - Assigns to CFSA the administration of commodity price and income support programs, crop insurance, farm lending, the Agricultural Conservation Program (ACP) and the Conservation Reserve Program (CRP). Requires that CFSA receive concurrence of the Natural Resources Conservation Service at national, State, and local levels for the ACP and CRP in establishing policies. Also assigns responsibility for other cost-share programs and the Wetlands Reserve Program to the new Natural Resources Conservation Service - the successor to the Soil Conservation Service - with parallel special concurrence requirements for conservation programs.
 - Allows interchangeable use of Federal employees and non-Federal employees of county/area farmer committees in operating CFSA offices. Continues requirement that county CFSA executive directors be appointed by the producer committee.
 - Requires establishment of local CFSA farmer committees to administer and oversee USDA farm and agricultural credit programs for a county or area. Requires the Secretary to appoint committees comprised of 3 to 5 persons actively engaged in farming or ranching and who are elected by agricultural producers in the county or area. With approval of the State Committee, allows

REORGANIZATION/STREAMLINING

USDA to consolidate county committees in a State consistent with consolidation of USDA county offices.

- Requires USDA to establish an Office of Risk Assessment and Cost-Benefit Analysis and the Secretary to appoint a Director. Requires review of major proposed regulations dealing with human health, human safety, and the environment. Applies only to proposed regulations expected to have a national economic impact of more than \$100 million annually.
- Replaces separate administrative appeal procedures used by several agencies with an independent process through a new National Appeals Division. Requires appointment of the Director by the Secretary.
- Requires establishment of a Cooperative State Research, Education, and Extension Service with provisions that the head of this agency report directly to the Under Secretary to ensure continuity in Federal-State-local partnerships.
- Reduces USDA personnel and streamlines field offices.
 - Requires USDA to reduce employment by at least 7,500 staff years by the end of FY 1999. Sets as a goal the percentage of the total number of employee staff years reduced in headquarters offices to be at least twice the percentage of the total number of employee staff years reduced in the field structure.
 - Requires the Secretary to combine field offices to provide one-stop service for USDA customers. Requires that USDA field offices combine and share office space, equipment and support personnel in order to reduce overhead expenses.
 - Requires USDA to acquire computer systems in a manner that enhances efficiency, productivity and information sharing among agencies.

REORGANIZATION/STREAMLINING

Implementation

The 1996 budget is based on the new organization authorized by the Department of Agriculture Reorganization Act of 1994. The reorganization, along with the streamlining efforts, encompasses the headquarters and the field staff. Four key objectives will be achieved by these efforts. These are:

- Refocus and simplify the Department's headquarters structure. The Under and Assistant Secretaries' responsibilities are restructured on a mission-oriented basis as outlined on the organization chart that follows. The agency structure is streamlined as the number of agencies is reduced from 43 to 29.
- Improve accountability and service to customers by reforming the Department's support systems. Administrative and financial management support staffs within each mission are combined to streamline work flows and reduce duplication. Reductions in these categories of staff will be significantly greater than in program staff. Technology will be used more efficiently to promote interagency coordination as the InfoShare project and other information resource projects are implemented. Agencies are reviewing their operations to provide improved customer service.
- Reform the Department's field structure. Actions are under way to restructure the field offices over the next few years. USDA Field Office Service Centers will be established for the county offices as 1,170 field offices are closed or consolidated. USDA customers will be served at one of about 2,500 locations housing the Consolidated Farm Service Agency and the Natural Resources Conservation Service. In addition, other agencies may be collocated in the Centers. Also, other USDA agencies with field structures are streamlining their field organization by consolidating offices.
- Reduce costs. The reorganization along with streamlining efforts will enable the Department to reduce Federal staffing by more than 13,200 staff years and non-Federal staffing by over 1,100 staff years by 1999. This will result in savings of \$2.8 billion. Other administrative streamlining efforts will save \$1.3 billion by 1999 for total savings of \$4.1 billion. (See tables that follow for more detail.)

The implementation of the reorganization has begun. Reorganization at headquarters will be complete by the end of calendar year 1995.

REORGANIZATION/STREAMLINING

Staff Year Estimates

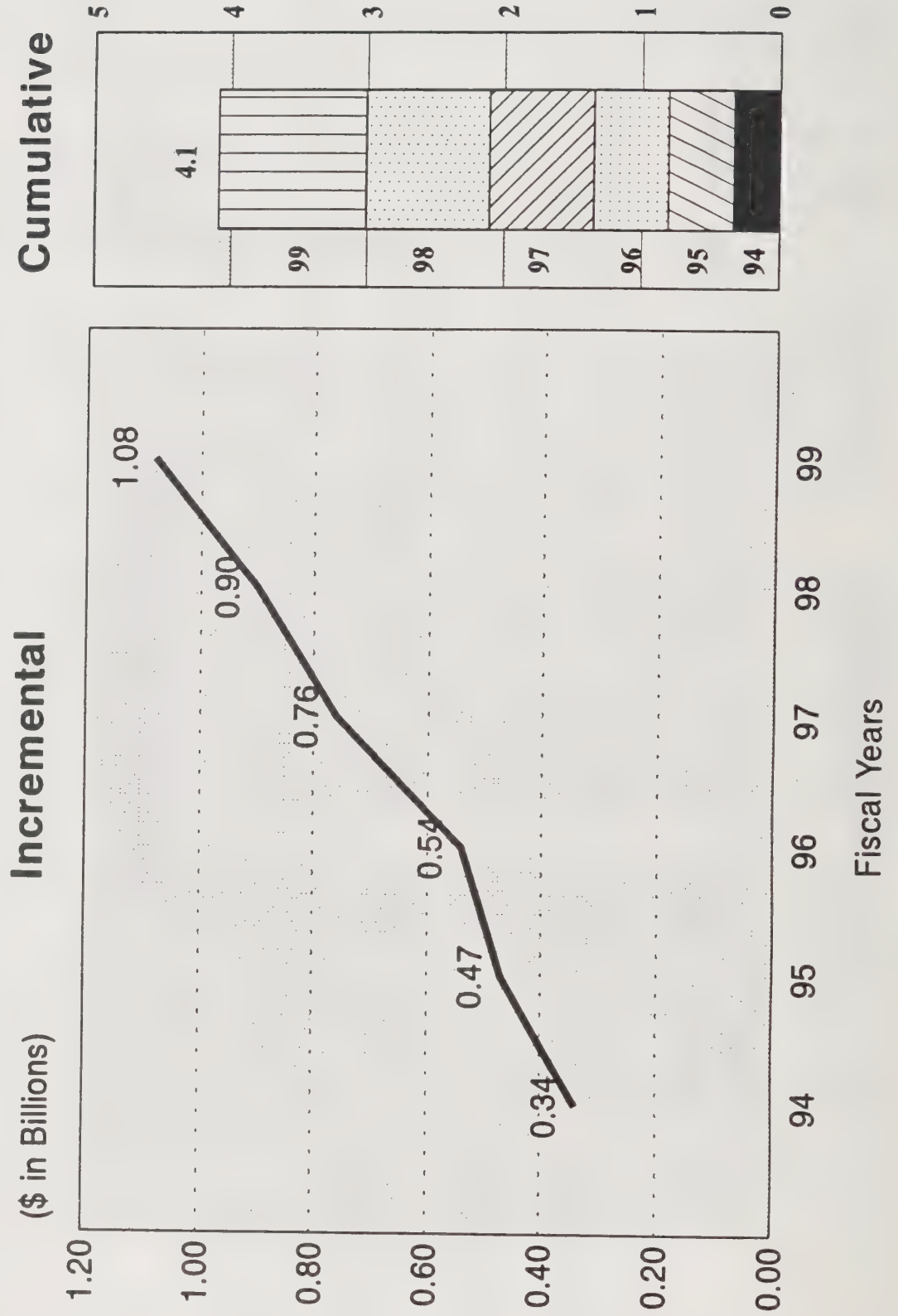
	1993 Ceiling	1994	1995	1996	1997	1998	1999	Change 1993 - 1999	
								Amount	Percent
Total USDA Staff Years . . .	114,206	109,830	108,894	108,053	105,968	103,917	100,950	-13,256	-11.6%
Washington Staff Years . (included in Total above)	3,114	2,938	2,840	2,721	2,614	2,490	2,367	-747	-24.0%
Administrative Staff Years (included in Total above)	10,205	9,850	9,558	9,316	9,039	8,643	8,147	-2,058	-20.2%
Non-Federal County . . . (not included above)	(13,726)	(12,799)	(12,560)	(12,560)	(12,560)	(12,560)	(12,560)	(-1,166)	(-8.5%)

Dollar Savings from 1993 Level (Dollars in Thousands)

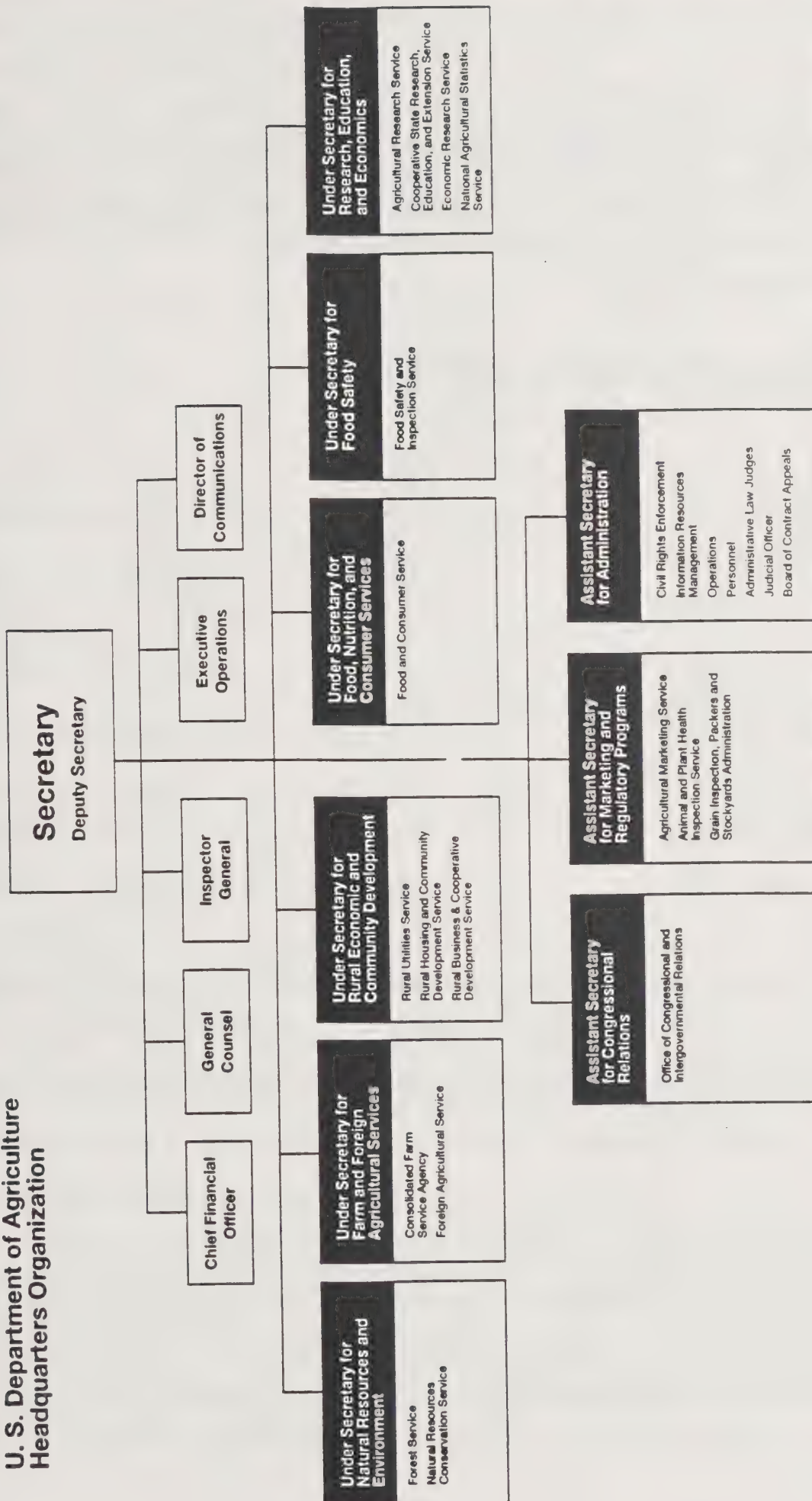
	1994	1995	1996	1997	1998	1999	Total Savings 1994-1999
Savings Due to Staff Year Reductions	\$286,362	\$349,812	\$355,226	\$467,816	\$598,570	\$778,788	\$2,836,574
Administrative Savings - Reductions from the Base	58,627	102,098	180,049	294,337	301,768	301,768	1,256,647
Total	\$344,989	\$469,910	\$535,275	\$762,153	\$900,338	\$1,080,556	\$4,093,221

USDA Streamlining Savings

Annual Savings



U. S. Department of Agriculture
Headquarters Organization



October 1994

FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION

The mission of the Farm and Foreign Agricultural Services (FFAS) area is to improve service to farmers and seize trade opportunities to raise farm income. The FFAS agencies include the Consolidated Farm Service Agency (CFSA) and the Foreign Agricultural Service (FAS). Consolidation of international activities and streamlining of county-based services to farmers and ranchers will save costs through administrative efficiencies, improve customer services, and strengthen both the domestic farm and international program activities.

CONSOLIDATED FARM SERVICE AGENCY (CFSA)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Farm Credit Programs	\$2,717	\$3,319	\$3,210
Crop Insurance Program	1,012	1,838	2,057
Conservation Programs	1,956	1,982	1,979
Commodity Credit Corporation			
Domestic Programs	16,564	18,622	16,899
Salaries and Expenses	1,250	980	1,027
Total, CFSA	<u>\$23,499</u>	<u>\$26,741</u>	<u>\$25,172</u>

The CFSA administers the domestic commodity price and income support programs; crop insurance and other risk management programs; farm ownership, operating, emergency, and disaster loan programs; and the Conservation Reserve Program (CRP) and certain other conservation programs formerly administered by the Agricultural Stabilization and Conservation Service (ASCS). The administrative appeals functions at the national level have been shifted to the National Appeals Division which reports to the Secretary.

The consolidation of services into one agency with farm-oriented clientele will produce administrative efficiencies and long-term cost savings through economies of scale and reduced overhead in support functions at the national and State headquarters levels, as well as in local county or area offices. The CFSA will maintain a streamlined USDA field office structure at the county level which will improve services to farmers. The field structure includes 51 State offices and about 2,500 county offices, which are being collocated in USDA Field Office Service Centers. In addition, staff of the Natural Resources Conservation Service, formerly the Soil Conservation Service, will be

FARM AND FOREIGN AGRICULTURAL SERVICES

collocated in these Service Centers. These changes will provide farm related clientele with the benefits of one-stop shopping.

Consolidated Farm Service Agency Farm Credit Programs Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)

Program	1994 Actual		1995 Cur. Est.		1996 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized	\$1,069	\$5	\$1,910	\$9	\$1,700	\$18
Guaranteed Subsidized	231	28	236	29	200	18
Direct	651	81	448	57	543	74
Total, Operating Loans	1,951	114	2,594	95	2,443	110
Farm Ownership Loans:						
Guaranteed Unsubsidized	543	21	563	21	541	20
Direct	82	11	49	11	70	16
Total, Ownership Loans	625	32	612	32	611	36
Soil and Water Loans	4	a/	0	0	4	1
Emergency Loans	66	19	106	34	100	32
Indian Land Acquisition Loans . .	1	a/	1	a/	1	a/
Credit Sales of Acquired Property	67	11	0	0	45	8
State Mediation Grants	3	3	3	3	3	3
Grants for Outreach and Technical Assistance for Socially Disadvantaged Farmers	0	0	3	3	3	3
Total, Farm Credit Programs	\$2,717	\$179	\$3,319	\$167	\$3,210	\$193

a/ Less than \$0.5 million.

Programs in this area provide direct loans and loan guarantees to family farmers who cannot obtain credit elsewhere. Certain statutory requirements target a portion of the farm operating and farm ownership programs to beginning farmers and socially disadvantaged farmers. There also are statutory limitations on the size of these loans. Emergency loans for farmers with qualifying losses in designated disaster areas are limited to the amount of actual loss.

FARM AND FOREIGN AGRICULTURAL SERVICES

Credit sales refer to Agency financing of sales of properties in inventory which had been acquired through foreclosures and other actions.

Under legislation enacted in 1987 and since amended, delinquent borrowers are entitled to certain servicing actions. Such actions, as well as voluntary conveyances and debt settlements have resulted in substantial losses. Most of these losses are attributable to loans that could not be repaid because of the farm credit crisis that occurred in the mid-1980's. Recent lending practices have been tightened to place more emphasis on repayment ability in order to reduce the risk of future losses.

The 1996 budget essentially maintains the programs at close to their current levels. The budget does, however, include \$45 million in credit sales. Congress eliminated such sales in 1995, which has had an adverse impact on the sale and holding costs of inventory property.

It should be noted that program levels are estimates of the amount that can be supported with the budget authority provided, which reflects the subsidy cost. These estimates are subject to change due to movements in interest rates and other factors that affect subsidy rates.

Consolidated Farm Service Agency Crop Insurance Program Program Level (Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Delivery Expenses	\$247	\$330	\$379
Indemnities	717	1,436	1,618
Noninsured Assistance Payments	0	60	60
Other Expenses	48	12	0
Total, Program Level	1,012	1,838	2,057
Plus Administrative Expenses	72	69	89
Less Producer Premium <u>a/</u>	-615	-591	-641
Total, Government Costs	\$469	\$1,316	\$1,505

a/ Producer premium net of reinsurance gain retained by companies.

Legislation proposed by the Administration in conjunction with the 1995 budget to provide for a major reform of the Federal crop insurance program was enacted and signed into law in the fall of 1994. The new legislation, the Federal Crop Insurance Reform Act of 1994, designed to replace the combination of crop insurance and *ad hoc* disaster

FARM AND FOREIGN AGRICULTURAL SERVICES

payment programs with a strengthened crop insurance program, is being implemented for 1995 crops.

Under the new program, producers of insurable crops are eligible to receive a basic level of protection against catastrophic losses, which covers 50 percent of the normal yield at 60 percent of the expected price. The only cost to the producer is a processing fee of \$50 per policy, or \$200 for all crops grown by the producer in a county, with a cap of \$600 regardless of the number of crops and counties involved. Catastrophic (CAT) coverage is required for producers who participate in the commodity support, farm credit and certain other farm programs. This coverage is available either through CFSA county offices or private insurance companies.

Higher levels of coverage continue to be available through private companies. Producers must pay for such coverage. However, the Government subsidizes a portion of the premium cost. This subsidy is equivalent to the cost of raising the price guarantee on CAT coverage from 60 percent to 75 percent of market price, plus all delivery expenses.

It is anticipated that about 80 percent of the Nation's producers will participate in the program, beginning in 1995. Initially, a majority of these producers may choose only catastrophic coverage. But, as producers become familiar with the program and realize that the Government intends to rely on this form of protection as a substitute for the *ad hoc* disaster payment assistance that has been provided for free in the past, more producers are likely to buy-up to the higher levels of coverage.

Currently, about 50 of the most economically significant crops are insurable. Producers of other crops are eligible for Noninsured Assistance Program (NAP) payments. Such payments are equivalent in value to CAT coverage, but are made only when there are areawide losses of 35 percent or more.

The 1996 budget provides full funding for the new program. Most of the cost is mandatory spending, but it is subject to appropriation. In 1995, Congress appropriated "such sums as necessary" for this purpose. Such an appropriation is helpful in ensuring that adequate funding for the program will be available, because indemnity and payment costs can only be estimated for a "normal" year, and actual costs are likely to vary depending upon weather conditions. The 1996 budget requests a similar appropriation for mandatory spending. The administration of the program falls into the discretionary spending category. The budget request for CFSA Federal salaries and administrative expenses includes \$89 million for administration of the crop insurance program.

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Consolidated Farm Service Agency
Conservation Programs
Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Conservation Reserve Program	\$1,736	\$1,859	\$1,926
Agricultural Conservation Program	195	100	50
Emergency Conservation Program	25	23	3
Total, Conservation Programs	\$1,956	\$1,982	\$1,979

The CFSA administers the Conservation Reserve Program (CRP), the Agricultural Conservation Program (ACP), and the Emergency Conservation Program (ECP). Other cost-share conservation programs are financed and administered by the Natural Resources Conservation Service (NRCS).

Conservation Reserve Program (CRP). The CRP offers producers annual rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost-share help to establish permanent cover. In the 12 CRP signups held since 1986, about 36.4 million acres have been entered into the program.

Producers holding CRP contracts expiring on September 30, 1995, affecting about 2 million acres, will have the option to modify them to extend the expiration date for a period of 1 year. Additional changes to the CRP were announced in December 1994 to further enhance its environmental and conservation benefits. In addition to having the opportunity to modify and extend their contracts upon maturity, CRP participants will be allowed during calendar year 1995 to request an early release from their contracts. This will enable the Department to retarget the CRP and enroll more environmentally sensitive acres under new 10-year contracts.

The amount of acreage enrolled is expected to reach the maximum of 38 million acres allowed under current law by December 31, 1995. Finally, in the process of modifying contracts, the Department will offer participants the further opportunity to place conservation easements on high priority acreage which will ensure that the most environmentally sensitive lands remain protected. The Department's proposal would result in only a gradual decline in CRP acreage to about 33 million acres by the year 2000 as some participants are expected to let their contracts expire rather than extend them.

FARM AND FOREIGN AGRICULTURAL SERVICES

Agricultural Conservation Program (ACP). The ACP provides cost-sharing to landowners to restore and protect agricultural land and water resources. While the reduction in funding, from \$100 million in 1995 to \$50 million in 1996, has been proposed, it is assumed that existing non-Federal institutions will play a more prominent role in providing needed financial assistance for farmers.

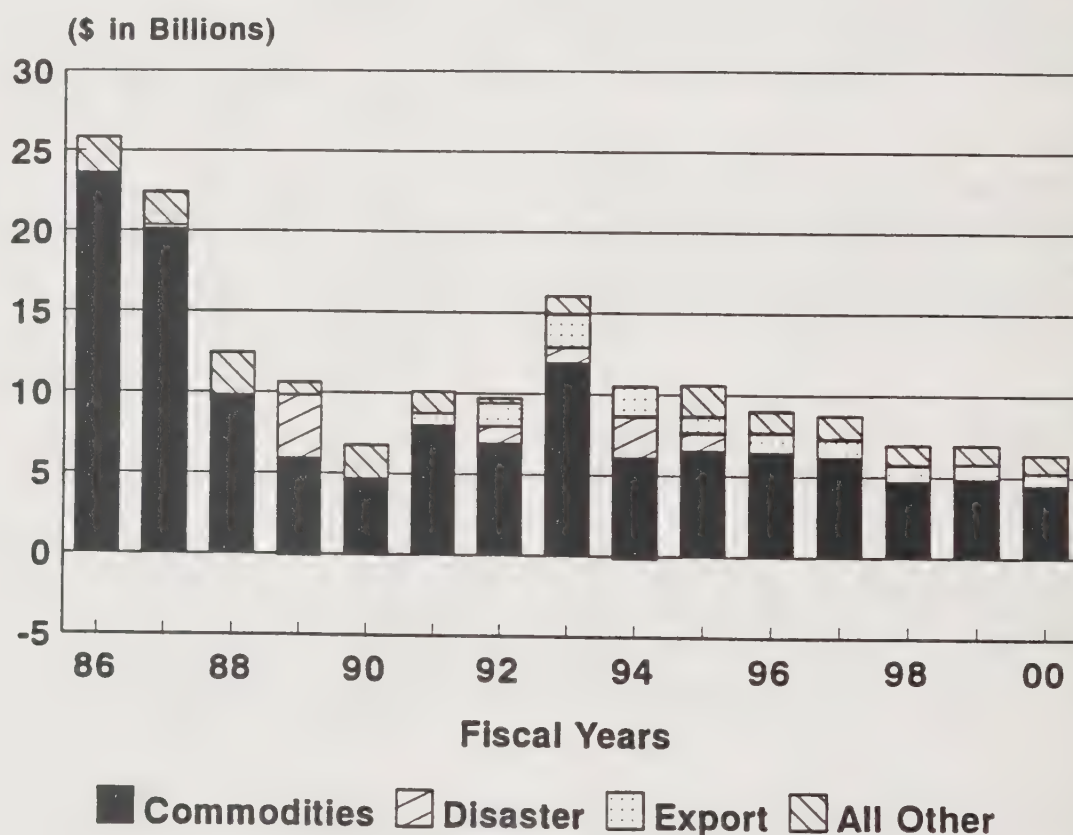
Emergency Conservation Program (ECP). Under this program, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would 1) impair or endanger the land; 2) materially affect the productive capacity of the land; 3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and 4) represent damage that is unusual in character and not the type which would recur frequently in the same area. The ECP program is funded at \$3 million in 1996.

FARM AND FOREIGN AGRICULTURAL SERVICES

Consolidated Farm Service Agency Commodity Credit Corporation (CCC)

Domestic farm commodity price and income support programs will be administered by the Consolidated Farm Service Agency (CFSA) and financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC outstanding borrowings from Treasury may not exceed \$30 billion. Outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1994 outlays relate to the 1993 crop, and fiscal year 1995 outlays primarily relate to the 1994 crop.

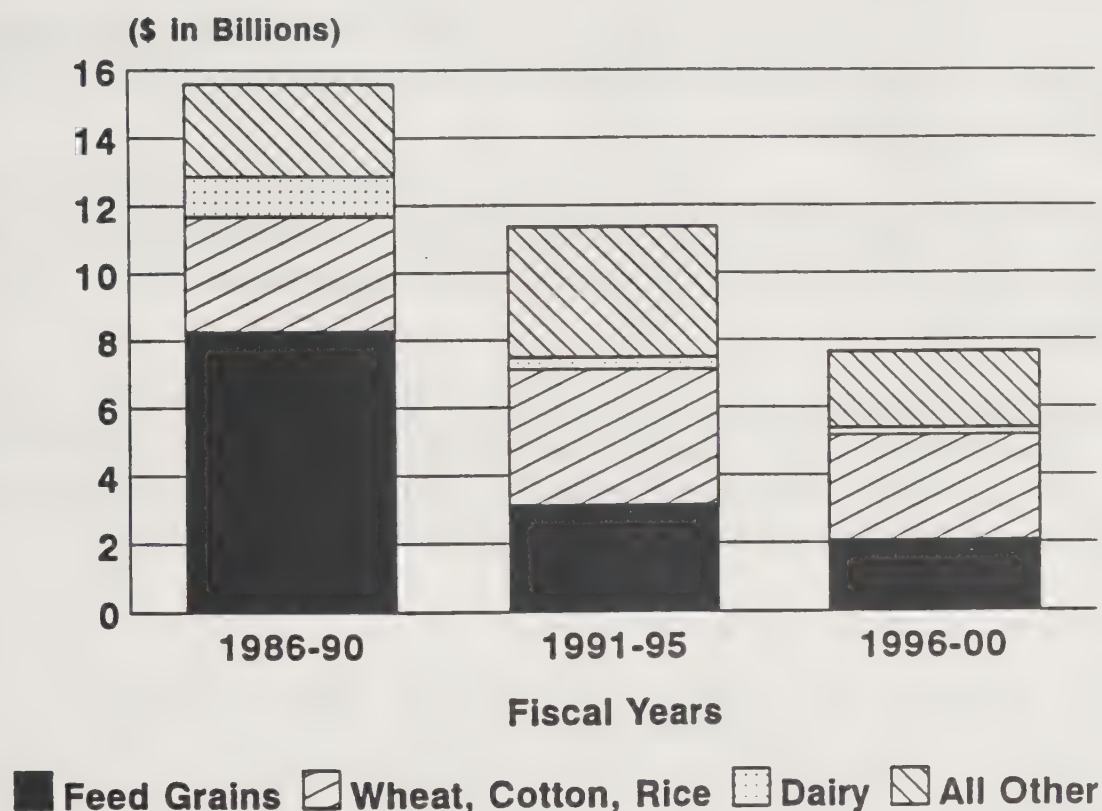
CCC Net Expenditures



CCC outlays are highly variable. Total net outlays over the 10 years from 1986 to 1995 range from more than \$25 billion in 1986 to less than \$7 billion in 1990. CCC programs function as shock absorbers to blunt or offset the effects of the inherent wide fluctuations in agricultural commodity markets on commodity prices and farm income. Program outlays are difficult to predict accurately since they are heavily influenced by

CCC Average Net Expenditures

(Fiscal Years 1986-1990, 1991-1995, 1996-2000)



weather, changes in foreign markets, and other uncertain events affecting commodity prices during the nearly two-year period between preparation of the initial budget estimate and compilation of actual outlays at the end of the fiscal year.

Average annual CCC outlays over 5 years are projected to decline from \$16 billion for the period 1986-90 to \$11 billion for the period 1991-95, and to less than \$8 billion for the period 1996-2000. CCC net outlays are projected to decline to \$6 billion by the year 2000. The decline in outlays reflects program reforms included in the Food Security Act of 1985 as well as reductions in payment acres, expanded CRP, increased marketing assessments, and other provisions of the 1990 FACT Act and OBRA of 1990.

Spending has also been reduced as a result of legislation in 1993 phasing out the wool and mohair program and provisions in the OBRA of 1993 which lowered export program expenditures and reduced payments on land idled under annual conservation programs. Budget estimates for the out years reflect significant growth in demand for farm products from implementation of regulations expanding the use of ethanol, as well as recent enactment of legislation implementing the North American Free Trade Agreement and the

FARM AND FOREIGN AGRICULTURAL SERVICES

Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Finally, additional signups and extension of existing contracts under the Conservation Reserve Program, in addition to beneficial environmental impacts, will contribute to stronger crop prices and reduced spending for price and income support.

For the near term, as shown in the following table, CCC net outlays are projected to decline from \$10.6 billion in 1995 to \$9.1 billion in 1996. The projected reduction in net outlays in 1996 reflects lower costs for the feed grain program as estimated yields in 1995 return to more normal levels following the record yields of 1994, as well as the elimination of spending for *ad hoc* disaster assistance as crop insurance reform is implemented effective with the 1995 crop.

Baseline estimates for 1996 also reflect proposed appropriations language to reduce spending by \$60 million by prohibiting assistance to livestock producers under the Livestock Feed Programs on losses for which coverage is available under the new crop insurance program.

The Budget does not include farm bill proposals for the commodity price and income support programs. However, reductions estimated at \$1.5 billion in total over the 1998-2000 period are planned for deficit reduction and program policy reform purposes. Specific measures to achieve the targeted savings will be proposed at a later date.

FARM AND FOREIGN AGRICULTURAL SERVICES

Consolidated Farm Service Agency CCC Net Program Outlays by Commodity (Dollars in Millions)

Commodity	Fiscal Years		
	1994	1995	1996
Baseline Expenditures:			
Feed Grains	\$972	\$3,701	\$2,659
Wheat	1,731	1,181	1,701
Rice	837	959	856
Upland Cotton	1,539	354	875
Tobacco	693	-50	-155
Dairy	158	267	323
Soybeans	-183	-21	0
Peanuts	37	119	91
Honey	0	6	10
Wool and Mohair	211	108	55
Disaster Assistance <u>a/</u>	2,566	1,080	20
Other <u>b/</u>	1,775	2,919	2,638
Total, CCC Net Outlays	10,336	10,623	9,073

a/ Disaster assistance includes crop disaster payments and livestock assistance programs. Note also that this policy baseline includes proposed appropriations language which would lower spending for livestock feed assistance programs by \$60 million in 1996 by prohibiting assistance under the livestock feed program on losses for which coverage is available under the new crop insurance program.

b/ Includes minor oilseeds, rye, vegetable oil products, extra long staple cotton, and sugar. Also includes changes in working capital, operating expenses, net interest expense, export programs, and processing, storage, and transport costs.

FARM AND FOREIGN AGRICULTURAL SERVICES

Consolidated Farm Service Agency Analysis of CCC Program and Outlay Levels (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1995	FY 1996	FY 1995	FY 1996
Domestic Programs:				
Price Support Loans	\$10,778	\$8,879	\$1,390	\$12
Direct Payments	4,742	5,943	4,742	5,943
Purchases and Sales	1,175	1,069	343	452
Producer Storage Payments	32	102	32	102
Processing, Storage, and Transportation	108	107	108	107
Operating Expenses	7	7	7	7
Interest Expenditure	276	368	12	125
Disaster Assistance <u>a/</u>	1,080	20	1,080	20
All Other <u>b/</u>	424	404	1,066	989
Total, Domestic Programs	18,622	16,899	8,780	7,757
Export Programs	6,797 <u>c/</u>	6,956 <u>c/</u>	1,843	1,316
Total, CCC Request	\$25,419	\$23,855	\$10,623	\$9,073

a/ Includes crop disaster payments and assistance for livestock producers. Note that the baseline totals include reduced spending in 1996 of \$60 million for the livestock feed program resulting from appropriations language prohibiting assistance under the livestock programs on losses for which crop insurance coverage is available.

b/ Includes minor commodity program costs, ocean transportation of export donations and changes in working capital.

c/ Includes increased funding for Market Promotion and Food for Progress programs.

FARM AND FOREIGN AGRICULTURAL SERVICES

Consolidated Farm Service Agency Salaries and Expenses

The CFSA's salaries and expenses account funds all management related activities for CFSA programs. The administrative expenses for the CFSA include costs previously funded through the Farmers Home Administration for agricultural credit programs, the Administrative and Operating account of the Federal Crop Insurance Corporation, and the salaries and expenses account of the Agricultural Stabilization and Conservation Service which provided support to the Commodity Credit Corporation (CCC). CFSA also provides administrative support to the Foreign Agricultural Service (FAS) under a reimbursable agreement.

The 1996 budget proposes a program level of \$1.0 billion estimated to support a ceiling of 7,475 Federal staff years and 12,560 non-Federal county staff years for ongoing programs. The program level for 1996, while below the 1994 level, reflects an increase from the 1995 level to cover additional costs for implementing the new crop insurance program. Staffing reductions since 1994 of 363 Federal staff years and 239 non-Federal county staff years reflect the benefits of streamlining and other budget reduction measures.

FARM AND FOREIGN AGRICULTURAL SERVICES

FOREIGN AGRICULTURAL SERVICE (FAS)

International Programs and Activities
Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
CCC Export Credit:			
Short-term Guarantees (GSM-102) . . .	\$3,080.2	\$5,000.0	\$5,200.0
(Supplier Credit Guarantees)	(0.0)	(0.0)	(100.0)
(Facilities Financing Guarantees) . .	(0.0)	(0.0)	(100.0)
Intermediate-term Guarantees			
(GSM-103)	139.9	500.0	500.0
Emerging Democracies Guarantees . . .	a/	200.0	0.0
Total, CCC Export Credit	3,220.1	5,700.0	5,700.0
Market Promotion Program	100.0	85.5	110.0
Proposed "Greenbox" Increase	0.0	24.5	0.0
Total, MPP	100.0	110.0	110.0
Export Enhancement Program	1,149.7	800.0	958.7
Dairy Export Incentive Program	117.6	111.8	116.9
Sunflower and Cottonseed Oil			
Assistance Programs	24.0	25.7	23.9
P.L. 480 Food Assistance	1,554.6	1,146.1 b/	1,023.7
Food for Progress Program	77.8	81.6	81.6
Proposed "Greenbox" Increase	0.0	60.0 c/	60.0 c/
Total, FFP	77.8	141.6	141.6
FAS Salaries and Expenses	172.0	161.3	172.8
Total, International Programs	\$6,415.8	\$8,196.5	\$8,247.6

- a/ CCC export credit guarantees made available to emerging democracies in 1994 are included in either the short- or intermediate-term guarantee categories.
- b/ Includes proposed rescissions for P.L. 480 Titles I and III. (See page 36.)
- c/ The increase in program level includes funding for both commodity and non-commodity (e.g. transportation) costs. The non-commodity portion is one-third of the total program level increase or \$20 million.

FARM AND FOREIGN AGRICULTURAL SERVICES

The Department carries out a variety of commercial export programs which are designed to expand the levels of U.S. agricultural exports and develop long-term overseas markets. The importance of these programs is expected to increase as the market-opening provisions of the GATT Uruguay Round Agreement are implemented and new opportunities emerge for sales of U.S. agricultural commodities and products in overseas markets. The program level for a number of these activities will be expanded as part of the Administration's "greenbox" commitment to increase the program levels for USDA export promotion programs by \$600 million over the next 5 years. A summary of all "greenbox" program increases is provided on page 108.

CCC Export Credit Guarantee Programs. Under these programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural export sales. Generally, export credit is made available to developing and middle-income countries with foreign exchange constraints, which would not be able to purchase U.S. agricultural commodities without commercial credit being made available.

A total program level of \$5.7 billion has been established for the CCC export credit guarantee programs for 1996. This includes \$5.2 billion to be made available under the GSM-102 program, which provides guarantees on export credit with short-term repayment terms (up to 3 years), and \$500 million to be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms). The program of credit guarantees for emerging democracies, which was mandated by provisions of the 1990 FACT Act during the 1991-95 period, will not be continued in 1996.

Two new credit guarantee activities are proposed to be implemented in 1996 as part of the GSM-102 program. The first is supplier credit guarantees, under which CCC will guarantee payment by foreign buyers of U.S. agricultural commodities and products which are sold by U.S. suppliers on a deferred payment basis. This differs from other GSM-102 guarantees in that foreign banks and foreign bank letters of credit will not be involved in the transaction, but rather the foreign buyer alone will bear ultimate responsibility for repayment of the credit. The duration of the credit is also expected to be relatively short, generally up to 180 days. Supplier credit guarantees are expected to be particularly useful in facilitating sales of high value products, which are the fastest growing component of U.S. agricultural exports. A program level of \$100 million is proposed for supplier credit guarantees in 1996 and subsequent years and, as a new credit activity, they are a component of the Administration's "greenbox" proposals.

Also to be carried out as part of the GSM-102 program in 1996 are facilities financing guarantees. Under this activity, CCC will provide guarantees to improve commodity handling facilities and/or U.S. goods and services to address infrastructure barriers to increasing sales of U.S. agricultural products. To be eligible for guarantee coverage, projects must improve the handling, marketing, storage, or distribution of imported agricultural commodities and products. A program level of \$100 million is proposed for facilities guarantees for 1996. Statutory authority for facilities financing guarantees was provided in the 1990 FACT Act as part of the emerging democracies credit guarantee program, but to date has not been implemented.

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Market Promotion Program (MPP). The purpose of MPP is to support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the program, CCC funds are used to partially reimburse participating organizations for the costs of carrying out foreign market development and export promotion activities in designated countries. Participating organizations include nonprofit agricultural trade organizations, State regional trade groups, and private companies.

MPP is currently authorized through 1997 at an annual program level of \$110 million. However, the 1995 agriculture appropriations act has limited the program to \$85.5 million this year. The budget includes supplemental appropriations language to restore the program to \$110 million in 1995; this increase is a component of the Administration's "greenbox" proposals. For 1996, the budget continues the program at its authorized level of \$110 million.

Export Subsidy Programs. The Department currently administers four export subsidy programs: the Export Enhancement Program (EEP), Dairy Export Incentive Program (DEIP), Sunflower Oil Assistance Program (SOAP), and the Cottonseed Oil Assistance Program (COAP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets and to counter unfair trade practices.

Under the terms of the Uruguay Round Agreement on Agriculture, the export subsidy practices of agricultural exporting countries are scheduled to be reduced; the Agreement establishes annual ceilings by commodity group with respect to both the quantity and budgetary expenditures for export subsidies. Over a 6-year period, subsidized exports are to be reduced 21 percent in volume and 36 percent in budget outlays from 1986-90 base period levels.

For the United States, the quantity reductions will be carried out on a July-June basis, beginning July 1, 1995, while the expenditure reductions will be carried out on an October-September basis, beginning October 1, 1995. Thus, the 1996 budget reflects the first phase of the required reductions, and the program levels included in the 1996 budget for EEP, DEIP, SOAP, and COAP have been developed in accordance with those reduction commitments. However, the 1996 EEP program level is higher than 1995 due to a program limitation included in the 1995 agriculture appropriations act.

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Foreign Agricultural Service Public Law 480 Food Assistance Programs Program and Tonnage Levels

Program	1994 Actual	1995 Current Estimate	1996 Budget
Title I Credit Sales:			
Dollars in Millions	\$394.4	\$260.1 <u>a/</u>	\$178.0
Million Metric Tons	(1.5)	(1.2) <u>a/</u>	(0.9)
Title II Donations:			
Dollars in Millions	926.3	821.1	795.7
Million Metric Tons	(2.3)	(2.3)	(2.3)
Title III Grants:			
Dollars in Millions	233.9	64.9 <u>b/</u>	50.0
Million Metric Tons	(1.0)	(0.3) <u>b/</u>	(0.2)
Total, P.L. 480 Programs:			
Dollars in Millions	\$1,554.6	\$1,146.1	\$1,023.7
Million Metric Tons	(4.8)	(3.8)	(3.4)

a/ Reflects a proposed rescission of \$50 million in 1995 budget authority and \$60.2 million in program level for Title I.

b/ Reflects a proposed rescission of \$92.5 million in 1995 budget authority and program level for Title III.

Public Law 480 (P.L. 480). Also referred to as the Food for Peace Program, P.L. 480 is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries through long-term concessional financing. In allocating assistance to be provided under the Title I program, priority is given to those developing countries which demonstrate the greatest need for food, are undertaking measures to improve their food security and agricultural development, and are potential commercial markets for U.S. agricultural commodities. The Title I program is administered by FAS.

Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other situations with extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government

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agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold on the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

The budget includes proposed rescissions in funding for the P.L. 480 Title I and Title III programs in 1995. These proposals are designed to achieve outlay savings in 1996 and thereby ensure compliance with spending targets established for the U.S. international programs. For Title I concessional sales, a rescission of \$50 million in budget authority is proposed, which reduces the Title I program level by \$60.2 million. For Title III bilateral grants, a rescission of \$92.5 million in both budget authority and program level is proposed. The proposed rescissions are expected to lower the estimate of total P.L. 480 assistance in 1995 by approximately 800,000 metric tons to a revised estimate of 3.8 million metric tons.

For 1996, the budget proposes a total program level for P.L. 480 food assistance of just over \$1.0 billion. This is expected to provide approximately 3.4 million metric tons of commodity assistance, a reduction of about 400,000 metric tons from the revised estimate for 1995. The bulk of this reduction falls on Titles I and III, thus maintaining a high level of funding for Title II, in order to adequately address the most serious food assistance needs. The lower program level recommended for P.L. 480 assistance results from constrained spending targets for the U.S. international programs and the need to accommodate increased expenditures for other priority activities.

Food for Progress. Under this program, U.S. agricultural commodities are provided to developing countries and emerging democracies which have commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, or cooperatives. Agreements may provide for the commodities to be provided on either long-term credit or grant terms.

Food for Progress commodities and program funding can be provided through three different sources: P.L. 480 Title I funds can be used for the procurement and transportation costs of the commodities; CCC-owned commodities can be made available under the authority of section 416(b) of the Agricultural Act of 1949 with transportation and other non-commodity expenses paid with CCC funds; or CCC funds can be used for both the procurement and shipment of commodities when CCC does not have surplus commodities in inventory.

The authorizing statute for Food for Progress limits annual programming to not more than 500,000 metric tons and limits CCC funding for the non-commodity costs (e.g., transportation) of programming to \$30 million per year. The budget proposes that the limitation on CCC funding for the non-commodity costs of Food for Progress programming

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be increased from \$30 million to \$50 million in 1995 and 1996. These increases are a component of the Administration's "greenbox" proposals and are designed to enhance the Department's ability to assist countries with their food import requirements while expanding U.S. agricultural exports.

Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Foreign Agricultural Affairs	\$36.1	\$38.1	\$40.7
Foreign Market Information and Access	17.3	18.6	19.5
Foreign Market Development	56.6	45.4	52.9
International Cooperation and Development	6.2	6.8	7.1
General Sales Manager	9.2	9.1	9.3
Total, Direct Programs	125.4	118.0	129.5
Trust Funds	4.3	3.5	3.5
Reimbursable Programs Funded by AID and Other Organizations	34.0	29.8	29.8
Emerging Democracies Program Funded by CCC	8.3	10.0	10.0
Total, Salaries and Expenses	\$172.0	\$161.3	\$172.8

The primary mission of the Foreign Agricultural Service (FAS) is the expansion and maintenance of overseas markets for U.S. food and agricultural products. The agency's activities include representation of U.S. agricultural interests abroad, foreign commodity reporting and analysis, participation in international trade policy formulation and negotiations, and export promotion and market development activities, including administration of the Department's major commercial export and foreign food assistance programs. FAS is also responsible for administration of scientific and technical exchanges, cooperative international research, liaison with international food and agricultural organizations, and agricultural technical assistance, training and research activities in developing countries and emerging democracies. FAS implements its programs through offices in Washington, D.C. and 75 overseas counselor/attache posts and Agricultural Trade Offices (ATOs).

In accordance with the Department's reorganization and streamlining plans, the Office of International Cooperation and Development (OICD) was merged with FAS in October 1993. The plan also provides for the administrative management functions of FAS to be

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carried out by CFSA, which has been designated the "lead agency" for these functions within the Farm and Foreign Agricultural Services program area. CFSA will provide these services to FAS on a reimbursable basis.

The 1996 budget provides a total program level for FAS of \$172.8 million. Of this, \$129.5 million is direct funding for FAS programs and administrative expenses, an increase of \$11.5 million or approximately 10 percent over the 1995 level. Most components of the increase in FAS direct funding contribute to meeting the Administration's "greenbox" commitment and are intended to bolster the agency's capabilities and resources to work with the private sector, as well as State Departments of Agriculture, in carrying out export promotion and foreign market development activities.

Among the proposed increases is funding for a major expansion in FAS's overseas office structure. The budget provides for FAS to open three new counselor/attache posts (Kiev, Ukraine; Almaty, Kazakhstan; and Hanoi, Vietnam) and to expand four others (Mexico City, Mexico; U.S. Mission to the European Union, Belgium; Bucharest, Romania; and Manila, Philippines). Similarly, the budget provides for the opening of six new ATOs (Shanghai, China; Moscow/St. Petersburg, Russia; Durban, South Africa; Abidjan, Cote d'Ivoire; Sao Paulo, Brazil; and a Caribbean Regional Office) and the expansion of two others (Mexico City, Mexico; and Hamburg, Germany). The opening of new offices and the expansion of existing offices at these proposed locations will be subject to review and approval within the Executive Branch in accordance with established procedures governing U.S. overseas offices.

Increased funding is also provided for a number of FAS market development activities including trade shows and trade missions, the Foreign Market Development Cooperator Program, and the Cochran (Agricultural) Fellowship Program. Funding is also requested to expand the Federal/State Market Improvement Program (FSMIP), under which matching grants are provided to State Departments of Agriculture to improve agricultural marketing systems. The additional funding will be used to develop innovative marketing techniques for use in international agricultural markets and to improve State expertise in providing services to agricultural businesses which seek to enter export markets.

The budget also includes funding for FAS to establish a Sanitary and Phytosanitary (SPS) trade policy team. The new SPS unit will coordinate the efforts of USDA, other U.S. Government agencies, and U.S. industry in resolving technical barriers to U.S. agricultural exports before they become trade policy issues and in the development of SPS standards by international standards-setting organizations. The unit will also have the capability to respond to SPS barriers on an emergency basis.

The FAS budget also includes \$43.3 million in funding expected to be made available through trust funds and reimbursable agreements. The largest component of this consists of funding for technical assistance, training, and research activities which FAS carries out overseas on behalf of AID, foreign governments, and international organizations. Another major component is reimbursable funding from CCC which supports technical assistance activities in emerging democracies aimed at enhancing their food and rural business systems and expanding U.S. agricultural exports.

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MISSION

The Department administers a broad range of programs that provide loan, grant and technical assistance intended to improve the quality of life for rural residents. Some programs provide assistance directly to individual rural residents. For example, the single-family housing program provides low-interest loans, and loan guarantees, for the purchase and repair of modest housing units. Other programs provide assistance to entities that serve rural residents' infrastructure needs. Examples include rural electrification and telecommunications loans, water and waste disposal loans and grants, and community facility loans -- each of which helps in the financing of facilities that provide services to rural residents. Still other programs, primarily those that provide financial and other assistance to rural businesses, are intended to serve rural residents by saving and creating jobs for their economic livelihood.

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Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1994 Actual		1995 Cur. Est.		1996 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Utilities Service	\$2,658	\$785	\$2,721	\$788	\$3,248	\$991
Rural Housing and Community Development Service	4,251	1,666	3,547	1,454	4,322	1,583
Rural Business and Cooperative Development Service	427	132	714	147	1,045	172
Total, RECD	<u>\$7,336</u>	<u>\$2,583</u>	<u>\$6,982</u>	<u>\$2,389</u>	<u>\$8,615</u>	<u>\$2,746</u>

The mission area includes the electric and telecommunications programs, the rural housing programs and the community and business programs formerly administered by the Rural Electrification Administration, the Farmers Home Administration (FmHA), and the Rural Development Administration, respectively. Most of the administrative support functions for the mission area are housed within the Rural Housing and Community Development Service (RHCDs). The farm credit programs and the national appeals activities of the former FmHA, have been transferred to the Consolidated Farm Service Agency and the National Appeals Division, respectively.

For loan programs, the budget reflects both an estimated loan level, which is also the program level, and the budget authority necessary to cover the interest subsidy and other costs over the lifetime of the loans. Recent increases in interest rates have increased the interest subsidy rates for many of the direct programs in the mission area. Accordingly,

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there have been significant reductions in the level of loans that can be supported with the amount of budget authority appropriated for these programs in 1995.

In some cases, the program levels estimated for 1996 are the same levels that were anticipated for 1995 when the agriculture appropriations act was enacted, and the increased budget authority represents the cost of restoring those levels in light of the interest rate increases that have already occurred. The 1996 budget does, however, include some significant program level increases over the levels anticipated for 1995. These include \$100 million in Federal Financing Bank (FFB) rural electric loans, \$300 million in single-family housing guarantees, \$250 million in business and industry loan guarantees, \$50 million for direct business and industry loans and \$100 million for a new program of distance learning and telemedicine loans. Because these programs have relatively low subsidy rates, the increases in program levels have only a modest impact on budget authority.

For grant programs, the largest increases for 1996 are \$90 million in water and waste disposal grants and \$64 million in rental assistance payments.

The budget includes both current law requests, and a proposal to combine a portion of the current law requests into a performance partnership program that would be designed to provide more flexibility for meeting State and local needs. The budget also supports the Empowerment Zones and Enterprise Communities (EZEC) and Pacific Northwest initiatives by including earmarks and targeting, respectively, of the funding for programs in the mission area for these initiatives.

The current law requests are as follows:

RURAL UTILITIES SERVICE (RUS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1994 Actual		1995 Cur. Est.		1996 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Electric Loans:						
Direct 5%	\$109	\$19	\$74	\$10	\$100	\$24
Municipal	409	46	536	46	575	62
FFB Insured	270	3	300	a/	400	3
Total, Electric Loans	788	68	910	56	1,075	89

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RURAL UTILITIES SERVICE (RUS) - Continued

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1994 Actual		1995 Cur. Est.		1996 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Telecommunications Loans:						
Direct 5%	\$70	\$11	\$69	\$5	\$75	\$15
Treasury Rate	198	a/	16	a/	300	a/
FFB Insured	60	0	120	0	120	0
Total, Telecom. Loans . . .	328	11	205	5	495	15
Rural Telephone Bank (RTB):						
Direct: Cost of Funds Rate . .	200	1	175	1	--	--
Total, Electric, Tele. and RTB	1,316	80	1,290	62	1,570	104
Distance Learning and Telemedicine Loans:						
Direct 5%	--	--	--	--	25	3
Treasury Rate	--	--	--	--	75	1
Rural Telecommunication Partnership Loans	--	--	--	--	15	1
Water and Waste Disposal Loans	721	116	828	126	881	200
Grant Programs:						
Distance Learning & Medical Link	20	10	8	8	15	15
Water and Waste Disposal . . .	500	488	503	500	590	590
Other	23	13	13	13	3	3
Total, Grants	543	511	524	521	608	608
Total, RUS Loans & Grants	2,580	707	2,642	709	3,174	917
Salaries and Expenses	78	78	79	79	74	74
Total, RUS	\$2,658	\$785	\$2,721	\$788	\$3,248	\$991

a/ Less than \$0.5 million.

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The Electric and Telecommunications Programs provide loans for upgrading and expanding facilities to improve service of these amenities to rural residents. Direct loans allow borrowers to gain access to private sources of credit for additional funds to leverage the amounts provided through the programs. Most borrowers can afford to pay interest at the municipal bond or Treasury rate. However, some borrowers still require "hardship" assistance, which qualifies them for direct loans at the 5 percent interest rate.

The 1996 budget provides for a \$100 million increase in the level of Federal Financing Bank (FFB) Electric Loans. The FFB is an entity of the U.S. Treasury which makes loans that receive a USDA guarantee under the program. The interest rate on these loans is based on the Treasury cost of borrowing. The other electric and telecommunications loan levels are restored to the levels that were anticipated for 1995 when the agriculture appropriations act was enacted.

Telecommunications loans under the direct loan program are usually made in conjunction with loans made through the Rural Telephone Bank (RTB). Currently, the RTB is headed by a Board of Directors consisting of USDA officials and private individuals. It was created in 1972 with the intention that it would eventually be converted to a private entity.

The budget provides for the full privatization of the Rural Telephone Bank (RTB) in 1996. The Government owns about \$600 million of the Bank's Class A stock. Under current law, redemption of this stock is to begin in 1996. By redeeming the full amount, the Bank would be free of certain restrictions with regard to its lending policies, and it could borrow from the private market without Treasury approval. In addition, it could select its own Governor and it would have full control of the Board of Directors, as well as be able to hire its own staff. Over \$300 million in prior year earnings have already been set aside for stock redemption, and the rest can be appropriated without budget scoring implications.

The Distance Learning and Telemedicine Program is a relatively new program that has provided assistance for facilities and equipment to provide telecommunications linkages among education and health care facilities. The program has experienced a demand for funds far in excess of the amount of funding that has been available. Many of the projects offer the capacity to repay financing available through loans.

The budget provides for substantial increases in both the Distance Learning and Medical Link Program, and the Water and Waste Disposal Program. In the case of the Distance Learning and Medical Link Program, the level of grants would be double the amount that was appropriated for 1995, and the program would be extended by adding \$100 million in loans (\$25 million at 5 percent interest and \$75 million at the Treasury rate). This increase in funding is necessary to ensure that rural America is properly linked to the Information SuperHighway.

The Water and Waste Disposal Program provides assistance to communities with populations not in excess of 10,000. Communities must be denied access to commercial credit in order to be eligible for assistance. Evidence, such as the Needs Survey,

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conducted every two years by the Environmental Protection Agency indicates that there is a significant need for such assistance in order to bring communities into conformance with Federal drinking water and other health standards. Further, the 1990 Census indicates that there are over 400,000 rural households, affecting over 1.2 million rural residents, that lack complete plumbing. In the Water 2000 initiative, the Department established the objective of providing clean running water to these households by the year 2000.

Water and Waste Disposal Grants would be increased to \$590 million, compared to \$500 million appropriated for 1995. This increase would allow more lower income communities, that cannot afford to repay loans, to participate in the program. Accordingly, it would help bring the basic amenity of clean and safe running water to rural America's poorest communities. Of these grants, \$25 million are directed for use in the Colonias regions of the U.S. Further, the budget provides for an increase from the 1995 current estimate of almost \$53 million in Direct Water and Waste Disposal Loans.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

RURAL HOUSING AND COMMUNITY DEVELOPMENT SERVICE (RHCDs)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1994 Actual		1995 Cur. Est.		1996 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single-Family						
Direct	\$1,658	\$333	\$934	\$228	\$1,200	\$252
Guarantees	726	12	1,049	17	1,300	2
Rural Rental Housing	512	298	212	116	220	120
Very Low-Income Repair	25	9	29	12	35	14
Farm Labor Housing	16	8	15	8	16	9
Self-Help Housing	--	--	a/	a/	1	a/
Housing Site Development	a/	0	1	0	1	0
Credit Sales	123	20	--	--	75	13
Total, Housing Loans	3,060	680	2,240	381	2,848	410
Housing Grants and Payments:						
Very Low-Income Repair	27	25	40	40	25	25
Farm Labor Housing	44	11	11	11	11	11
Mutual and Self-Help	13	13	15	13	13	13
Supervisory and Technical Asst.	2	2	6	0	2	2
Compensation for Const. Defects	a/	1	1	1	1	1
Rural Housing Preservation	23	23	22	22	22	22
Rental Assistance Payments	447	447	523	523	587	587
Total, Housing Grants	556	522	618	610	661	661
Total, Housing	3,616	1,202	2,858	991	3,509	1,071
Community Facility Loans:						
Direct	163	21	176	21	250	44
Guarantees	30	1	75	4	100	5
Fire Protection Grants	3	3	3	3	3	3
Salaries and Expenses	439	439	435	435	460	460
Total, RHCDs	\$4,251	\$1,666	\$3,547	\$1,454	\$4,322	\$1,583

a/ Less than \$0.5 million.

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RHCDS administers the Department's rural housing programs, which provide direct loans, loan guarantees, rental assistance payments, and grants for low-income families who reside in rural areas. The agency also administers the Community Facility Loan Program.

RHCDS delivers its programs at the local level through an extensive network of county and district offices, which accounts for the bulk of its staffing. Its headquarters also provides a number of support services to meet not only its own needs but also those of its sister agencies, RUS and the Rural Business and Cooperative Development Service.

The 1996 budget for this agency includes about \$130 million more in budget authority, compared to the amount appropriated for 1995. This increase in budget authority, which represents the amount of subsidy incorporated in the various loan and grant programs, is expected to support an increase in program level of almost \$800 million over 1995, bringing the 1996 level to \$4.3 billion. Of this amount, almost \$3.2 billion would represent loans -- the largest components being \$1.2 billion in Direct Single-Family Housing Loans and \$1.3 billion in unsubsidized Single-Family Housing Loan Guarantees.

Direct Single-Family Housing Loans are made to very low- and low-income families. These loans may receive interest credit subsidy that can reduce the borrower's interest rate down to 1 percent. Guarantees serve families with somewhat higher incomes up to moderate income. The interest rate is negotiable between lender and borrower.

The Rural Rental Housing Loan Program would be maintained at a level of \$220 million, most of which would be used for rehabilitating existing projects. This program provides financing to construct and maintain multi-family rental projects that serve low-income families. Loans made under this program are also eligible for interest credit assistance, based on the incomes of the families that occupy units in the projects. In addition, about 60 percent of the units in most projects receive rental assistance payments, to bring the rent on such units down to 30 percent of the income of the occupant. Rental assistance contracts are usually made for 5 years, and require renewal in order to keep the unit available for low-income families and the project viable for the sponsor. The budget includes \$587 million for the rental assistance payments program, most of which would be used for renewals.

Credit sales would be restored to a level of \$75 million. Such sales are used to finance sales of properties that the agency acquires through foreclosure and other actions.

The agency's other housing programs serve specific needs, such as repair, self-help (whereby families work together in the construction of their homes) and farm labor housing projects.

Overall, the budget for the rural housing programs is expected to provide assistance for approximately 101,000 units, compared to about 96,000 units that were expected to be assisted in 1995 with funding from the agriculture appropriations act, and a current estimate for 1995 of about 92,000 units based on revised subsidy rates.

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Under the community facilities program, priority is given to the financing of health and safety facilities. There are three interest rates available on direct loans, with the lowest, 4.5 percent, offered to the communities where the median income is below the poverty level. The rate on guarantees is negotiable. The budget provides for modest increases in this program.

The budget also provides for a modest increase in administrative expenses. This increase is necessary to complete development of a new computerized system for escrowing and other servicing of single-family housing loans and to pay relocation expenses incurred in conjunction with the reorganization of the Department. Other cost increases are being absorbed through administrative savings and staff reductions.

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RURAL BUSINESS AND COOPERATIVE DEVELOPMENT SERVICE (RBCDS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1994 Actual		1995 Cur. Est.		1996 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loans:						
Business and Industry:						
Guarantees	\$250	\$2	\$505	\$5	\$750	\$7
Direct	--	--	--	--	50	4
Intermediary Relending Prog. .	77	45	85	46	90	54
Rural Economic Development .	13	3	11	3	14	4
Alternative Agricultural Research and Commercialization	--	--	--	--	25	7
Total, Loans	340	50	601	54	929	76
Grants:						
Rural Economic Development .	5	0	20	0	20	0
Rural Business Enterprise	45	45	48	48	48	48
Rural Technology and Cooperative Development	--	--	2	2	4	4
Local Technical Assistance and Planning	--	--	2	2	2	2
Alternative Agricultural Research and Commercialization	6	6	9	9	7	7
Total, Grants	56	51	81	61	81	61
Salaries and Expenses	31	31	32	32	35	35
Total, RBCDS	\$427	\$132	\$714	\$147	\$1,045	\$172

RBCDS administers the Department's business programs, including the technical assistance and research provided by the former Agricultural Cooperative Service.

The agency operates in a number of different ways in delivering services to its clients. Business and Industry Loan Guarantees, for example, involve the participation of private lenders to which the agency offers protection against loss so that these lenders will be willing to extend credit to the borrower-client. Other programs, including the Intermediary Relending Program and the Rural Economic Development programs involve sponsors who borrow from the agency in order to make loans to businesses and other organizations for development purposes. The Alternative Agricultural Research and Commercialization program (AARC) offers assistance that is subject to repayment once

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projects become successful. Thus, it allows more latitude than a conventional loan for risk taking.

The budget provides for substantial increases in this agency's lending programs, totaling almost 50 percent over the level that can be supported with the budget authority appropriated for 1995. The largest increase is in the Business and Industry Loan Guarantee Program, from \$505 million in 1995 to \$750 million in 1996. Because the program operates at a relatively low rate of loss and there is no interest subsidy, the increase in program level would require only slightly more than \$2 million in additional budget authority. Such a modest amount of cost to the Government would, nonetheless, result in a significant number of jobs created and saved.

The budget also provides for new programs of direct loans under the Business and Industry Program and the AARC program -- \$50 million and \$25 million, respectively. These increases are designed to fill specific needs: in the case of the Business and Industry Program, to reach areas for which private lender participation to make guaranteed loans is not readily available and at interest rates lower than guaranteed loans; and in the case of AARC, as part of the "greenbox" initiative, to encourage exports under the terms and conditions of the new General Agreement on Tariffs and Trade (GATT) through the innovative use of agricultural products.

The agency's grant programs would be maintained at approximately the same overall level as appropriated for 1995. The relatively small program currently administered by the Department of Interior for the Appropriate Technology Transfer for Rural Areas (ATTRA) project would be moved to the Department of Agriculture and administered by RBCDS. This project encourages the adoption of low-input and sustainable agricultural practices for the purpose of protecting, maintaining, and enhancing fish and wildlife resources.

PERFORMANCE PARTNERSHIP PROPOSAL

The Administration is proposing legislation that would transform the current menu of rural development programs into an integrated initiative that:

- significantly consolidates programs,
- increases flexibility to ensure that investments more effectively meet local needs,
- reinvents program implementation and increases reliance on performance measures, and
- ensures participation in the development of State strategic plans from State and local officials, the non-profit and private sectors, the State Rural Development Councils, and others involved in the rural development process.

Under the Performance Partnership Proposal, a national funding allocation formula would distribute funds now allocated among 14 programs or accounts representing each of the involved agencies. State Directors, in consultation with rural development officials at the

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State level. could shift funds to meet the needs of individual States. Statutory program requirements would be maintained in most cases.

Current law funding levels for programs to be included in the Performance Partnership Proposal are shown in the budget estimates for the three RECD agencies. Under the Proposal, however, portions of the current law budget would be subject to the Proposal's more innovative provisions.

The programs and the amounts of funding for these programs that would be included in the Performance Partnership Proposal are as follows:

Performance Partnership Proposal Sources of Funding (Dollars in Millions)

Program	1996 Program Level	1996 Budget Authority
Business and Industrial Loans:		
Direct	\$22	\$2
Guarantees	750	7
Community Facility Loans:		
Direct	227	40
Guarantees	100	5
Intermediary Relending Program	83	50
Water and Waste Disposal Loans	847	192
Water and Waste Disposal Grants	590	590
Rural Business Enterprise Grants	48	48
Other Grants	12	12
Rural Rental Housing Loans	50	27
Rural Rental Assistance Payments	15	15
Total, Loans and Grants.	\$2,744	\$988

FOOD, NUTRITION, AND CONSUMER SERVICES

MISSION

USDA's reorganization elevated nutrition and nutrition education and created an Under Secretary for Food, Nutrition, and Consumer Services. The new position combines the responsibilities of guidance of the Nation's domestic food assistance programs with the new effort to help assure that both food assistance recipients and the American public understand the *Dietary Guidelines for Americans*. With the close link firmly established by research between diet and health, and the expansion of the mission, a newly established Center for Nutrition Policy and Promotion (CNPP) will take the lead in promoting understanding of proper nutrition so that all will know the importance of, as well as how to follow, the *Dietary Guidelines for Americans*.

By streamlining operations, and emphasizing the use of new electronic technology for the delivery of benefits where feasible, e.g. Electronic Benefit Transfer (EBT), USDA is placing major emphasis on improving the Nation's food assistance programs and ensuring that they operate more efficiently. Improved program integrity, policy and procedure coordination with other USDA and Federal assistance programs, and coordination of Federal/State welfare reform initiatives will continue to be priorities.

FOOD AND CONSUMER SERVICE (FCS)

The Food and Consumer Service (FCS), formerly the Food and Nutrition Service, administers the food assistance programs. The FCS mission is to: (1) provide needy people sufficient supplemental resources to help assure them a nutritious diet, including educating them on the *Dietary Guidelines for Americans*; (2) provide additional assistance to vulnerable, low-income categories of people to help assure the adequacy of their diets (major categories include pregnant and lactating women, pre-school and school children up to age 18, and persons 60 years of age or older); and, (3) assist needy households, schools and certain not-for-profit organizations, by distributing to them commodities purchased to fulfill farm economic support requirements.

FCS fulfills its mission principally via food stamps, the Nation's foundation program for addressing hunger; Child Nutrition; and WIC, the Special Supplemental Nutrition Program for Women, Infants and Children. Increasing children's understanding of nutrition and improving their diets through the School Meals Initiative for Healthy Children is now a top priority. Food stamps are provided to households and used by them to purchase food from food retailers. Over half of food stamp recipients are children and teenagers under age 18.

Substantial additional assistance is provided to households with low-income pregnant and breastfeeding women, infants, and children through age 4 through the WIC program. WIC supplements households' food resources with coupons good for purchasing specified foods providing nutrients known to be lacking in the diets of the WIC population. In addition to the food supplements, WIC provides nutrition education and health care referrals.

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Several commodity distribution programs also assist households. These include the Emergency Food Assistance Program (TEFAP), which provides administrative expense funding and certain commodities to the network of food banks and other programs which assist households in need of immediate, short-term food assistance; the Commodity Supplemental Food Program (CSFP), which provides commodities to women, infants and children not on WIC, and to the elderly in a number of States; and the Soup Kitchens and Food Banks program, which provides commodities to soup kitchens and food banks, primarily to benefit the homeless.

Household oriented assistance is augmented via several congregate feeding programs administered by FCS which provide assistance to individuals. The Child Nutrition Program, which includes School Lunch, Breakfast, Child Care, Summer Feeding and Special Milk, is the largest congregate feeding program. These programs assist pre-school and school-aged children by subsidizing meals served to them that meet nutritional standards. Special subsidies make it possible for low-income children to receive free or reduced-price meals. Other congregate feeding assistance is provided through the Nutrition Program for the Elderly, in coordination with the Department of Health and Human Services, which provides cash and commodities for meals served to low-income persons aged 60 or older at elderly centers or in the "meals on wheels" program.

FCS programs are operated in a State/Federal partnership, in which the Federal Government is generally responsible for 100 percent of food costs for food stamps, WIC, free school meals, and commodities provided to schools and households. FCS is responsible for interpreting Federal statutes, issuing program regulations, instructions, and policy guidance; and ensuring program integrity. FCS helps States implement program requirements by providing \$2.8 billion to support part or all of State costs to administer the programs under Federal rules. This is just about 7 percent of the total cost of the programs. With a few exceptions, States are responsible for determining the eligibility of needy persons to participate in food assistance programs, as well as the delivery of food benefits. States are also generally responsible for coordinating USDA food programs with other local welfare, health care and assistance programs.

FCS is headquartered in Alexandria, Virginia, and has 7 regional offices and 82 field offices. Agency structure and procedures are being streamlined to improve the efficiency and integrity of the programs and increase the emphasis on nutrition education and promotion. Part of the streamlining includes staff reductions at Headquarters and the closing of 10 field offices.

FCS integrity activities include monitoring the food stamp retailer network of over 207,000 retail stores and farmers' markets. Through monitoring, FCS guards against fraud, such as sale of non-food items for food stamps, and trafficking (conversions of stamps to cash) and ensures that authorized stores are reasonably convenient for recipients. FCS also has a significant role in the statutorily required Food Stamp Program Quality Control (QC) system in which a statistical sample of case files of individual households are audited in each State to determine the extent of under and over payment errors in food stamp benefits. QC is designed to assess and help reduce issuance errors. Under the system,

FOOD, NUTRITION, AND CONSUMER SERVICES

incentives are provided for States with low error rates and penalties are sought from States with high error rates.

To ensure the integrity of Child Nutrition Programs, FCS operates a Coordinated Federal Review program in which FCS personnel work with State personnel to review a sampling of school meal programs to assure adequate controls as well as the nutritional adequacy of the meals.

Funding requirements for food assistance programs depend on the number of persons who participate, as well as the cost of the food assistance provided. The income eligibility threshold for benefits, such as food stamps and free school meals limits participation to those with family incomes at or below 130 percent of the Federal poverty guidelines. The threshold for WIC and reduced-price school meals is set at 185 percent of poverty.

Generally, food stamp participation fluctuates with persons in poverty. School lunch participation has grown slightly due to increased school enrollment, and the proportion of free meals has increased some in the past few years. WIC participation is up in response to increased funding as well as the continuing large savings achieved through the infant formula rebate activities in the States. Since most of the participants in the food assistance programs are low- or very low-income persons, a strong economy tends to lift individuals above eligibility thresholds and reduce participation, although there is a time lag. Thus food assistance participation tends to increase or stay constant for some time even after the economy begins to improve. Low inflation helps hold benefit costs constant.

The Department's 1996 budget funds anticipated needs in the Food Stamp and Child Nutrition Programs and provides a 10 percent increase for WIC, a program scored in the discretionary category. Integral to food assistance, the programs provide nutrition education and promotion to help empower program recipients and all Americans with an understanding of good nutrition so that they can make informed choices in their diets. Finally, the budget continues the emphasis on strengthening program integrity by reducing overpayment errors and improving payment accuracy in the Food Stamp and Child Nutrition Programs. The details of the nutrition programs follow.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Consumer Service Program Level (Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Mandatory Programs:			
Food Stamp Program	\$24,434.2	\$25,177.5	\$26,119.9
Nutrition Assistance for Puerto Rico	1,078.5	1,130.5	1,143.0
Total, Food Stamp Program	25,512.7	26,308.0	27,262.9
Child Nutrition Programs	7,670.0	8,061.9	8,555.5
P.L. 103-66 Commodities	0.2	0.2	0.2
Total, Mandatory Programs	33,182.9	34,370.1	35,818.6
Discretionary Programs:			
Special Supp. Nutrition Program (WIC)	3,210.0	3,470.0	3,820.0
Nutrition Program for the Elderly	150.0	150.0	151.3
Commodity Supp. Food Program (CSFP)	98.1	103.5	106.3
Food Distribution to Indians (FDPIR)	67.5	69.7	71.3
Soup Kitchens and Food Banks	40.0	40.0	40.0
Emergency Food Assistance (TEFAP)	120.0	65.0	40.0
Food Program Administration (FPA) <u>a/</u>	131.8	134.6	141.4
Nutrition Policy, Support, and Promotion <u>a/</u>	21.8	42.5	49.7
Total, Discretionary Programs	3,839.2	4,075.3	4,420.0
 Total, FCS	 \$37,022.1	 \$38,445.4	 \$40,238.6

a/ Includes some activities previously funded under the Food Stamp and Child Nutrition Programs.

Food Stamps will be funded at the current services level including all increases mandated by the Mickey Leland Act. Most of the \$955 million in increases is required to fund the expected increase in the average benefit due mostly to food cost increases. An anticipated increase in participation also adds to program requirements for 1996. Additional emphasis and resources will be placed on Electronic Benefit Transfer (EBT) and error reduction in the Food Stamp Program. The Department has established the

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objective of making EBT available to all States by 1996, wherever cost effective. By substituting electronic debit cards for food coupons, recipients receive the benefit more conveniently, and, in most cases, retailer and program administrative costs can be reduced. In addition to simplifying benefit delivery, EBT provides USDA with new and powerful sources of data useful in detecting many types of food stamp fraud and trafficking. USDA is also launching a major new effort to improve overall payment accuracy in the program. The Department has set a goal of reducing overpayment error by over \$200 million in 1996, savings which reduce program costs and the budget deficit. Nutrition Assistance for Puerto Rico is requested at the authorized level of \$1.143 billion.

Child Nutrition Programs are also funded at the current services level, providing for increases in participation and food costs. Since a USDA report released in the fall of 1993 showed the meals offered to school children in the lunch and breakfast programs exceeded virtually all of the recommendations of the *Dietary Guidelines for Americans* for fat, saturated fat, cholesterol, and sodium, USDA is working with the States to improve the nutritional offerings to children in school. In June 1994 FCS proposed regulations to update the nutritional standards by requiring meals to meet the *Dietary Guidelines*. Congress subsequently enacted legislation requiring that "...not later than the first day of the 1996-97 school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that are consistent with the Guidelines" (P.L. 103-448). The Act also requires the Secretary to provide schools with substantial technical assistance to help them meet the new requirements. To assist schools in serving nutritious meals that meet both the requirements of the Act and the critical demands of children for taste, the budget requests \$25.6 million for the School Meals Initiative. These funds will support a number of improvements, including training for staff from States and local School Food Authorities in nutrition analysis, nutrient standard menu planning, food-based menu planning, development of technical assistance materials, and maintenance of the National nutrient data base. USDA will also use funds to conduct a Children's Nutrition Campaign that will develop nutrition education messages targeted to school children and distribute the information through the establishment of public-private partnerships and through the media.

WIC will be increased by \$350 million for 1996, for a total request of \$3.8 billion. In addition to providing funds for cost increases for the current program, this will allow program growth of over 400,000 recipients over 1995 projections. The budget also includes funding for the Farmers' Market Nutrition Program, which helps introduce WIC participants to fresh fruits and vegetables.

Commodity Distribution Programs. The Nutrition Program for the Elderly (NPE), the Commodity Supplemental Food Program (CSFP) and the Food Distribution Program on Indian Reservations (FDPIR) will receive slight increases in program level. The Soup Kitchens and Food Banks Program is funded at the 1995 level. The Emergency Food Assistance Program (TEFAP) is funded at the 1995 level for administrative expenses, which helps maintain the distribution network that distributes mostly non-Federal

FOOD, NUTRITION, AND CONSUMER SERVICES

commodities. Funds to purchase commodities for distribution are no longer requested, although surplus commodities from farm program actions will be distributed if available.

Food Program Administration is funded at the minimum required to improve program integrity and for the emphasis on improved nutrition in the domestic food assistance programs. Antiquated software and hardware must be replaced, particularly as the Department pursues re-engineering and streamlining. Implementation of EBT also requires great emphasis on technical ADP and financial issue identification, development and coordination. Finally, the challenging targets for food stamp error reduction and the development of a more effective payment accuracy system for Child Nutrition require significant effort.

Nutrition Policy, Support, and Promotion. In further support of the Department's healthy meals initiative, and recognizing the proven link between good nutrition and good health (and lower health costs), the budget recognizes the role of nutrition education for all food assistance programs with a substantial increase to \$49.7 million for nutrition policy, support, and promotion, including \$4.2 million for the Center for Nutrition Policy and Promotion. Funds are included to begin providing nutrition advice to all Americans so that they will have the information necessary to follow the *Dietary Guidelines for Americans*. In addition to helping USDA coordinate the policies and regulations of its food assistance programs with other Federal agencies, the Center for Nutrition Policy and Promotion will coordinate and increase the effectiveness of the funds spent within USDA on developing the message of good nutrition and getting the message out.

FOOD, NUTRITION, AND CONSUMER SERVICES

Key Indicators

	1993 Actual	1994 Estimate	1995 Estimate	1996 Estimate
Participation, millions average monthly:				
Food Stamps	26.98	27.47	27.27	27.32
Free School Lunch	11.7	12.2	12.6	12.7
School Lunch, total	24.8	25.1	25.4	25.8
Free Breakfast	4.4	4.9	5.3	5.7
Total Breakfast	5.4	6.0	6.4	6.9
WIC	5.9	6.5	7.0	7.4
Commodity Supp. Food Program (CSFP):				
WIC-type	0.23	0.20	0.21	0.21
Elderly	0.14	0.16	0.20	0.20
Food Distribution Program on Indian Reservations (FDPIR)	0.11	0.11	0.12	0.12
Nutrition Program for the Elderly (NPE), annual meals	244.26	247.0	249.9	252.4
Unemployment Rate	7.0%	6.3%	5.8%	6.0%
Unemployed Persons (millions average)	8.93	8.24	7.70	7.90
Average/person/month food benefit in \$:				
Food Stamps	\$67.96	\$69.01	\$71.51	\$74.12
WIC	29.77	30.14	30.89	31.93
CSFP: WIC-type	17.61	18.56	18.53	19.44
CSFP: Elderly	14.87	16.32	16.18	16.18
FDPIR	32.71	33.51	33.99	34.79
Per meal subsidies including commodities:				
Free School Lunch	\$1.84	\$1.87	\$1.91	\$1.96
Reduced Price School Lunch	1.44	1.47	1.51	1.56
Paid School Lunch	0.30	0.31	0.32	0.32
Free Breakfast (Severe need)	1.13	1.15	1.17	1.20
Paid Breakfast	0.19	0.19	0.19	0.20
NPE per meal subsidy (cents)	62.06	60.57	60.00	59.90

NATURAL RESOURCES AND ENVIRONMENT

MISSION

The mission in the natural resources and environment area is to help people conserve, improve, and sustain natural resources on the Nation's private lands and to achieve quality land management under the sustainable multiple-use concept on our public lands. Two agencies, the Natural Resources Conservation Service (formerly the Soil Conservation Service) that now includes a greater number of the Department's conservation programs, and the Forest Service, are responsible for achieving this mission.

While each agency will maintain independent responsibilities, many administrative and financial management functions at both the headquarters and field levels will be consolidated as part of the Department's overall streamlining efforts. These consolidated functions will be assigned to a designated lead agency. In addition, the Under Secretary for Natural Resources and Environment oversees the activities of the Agricultural Council on Environmental Quality (ACEQ) which was created to provide overall Departmental leadership and coordination on all issues affecting the environment. The ACEQ will include a representative from each of the Department's program areas.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Conservation Operations:			
Technical Assistance <u>a/</u>	\$515.0	\$516.9	\$554.3
Soil Surveys	73.9	72.6	76.7
Snow Surveys	5.8	5.8	5.9
Plant Materials Centers	8.9	8.1	8.9
Total, Conservation Operations	603.6	603.4	645.8
River Basin Surveys	13.5	13.0	11.2
Watershed Planning	10.9	10.5	7.5
Watershed Operations	245.8	70.0	100.0
1994 Emergency Supplemental	340.5	0.0	0.0
Resource Conservation and Dev.	32.9	32.8	28.9
Trust Funds	0.5	0.4	0.4

NATURAL RESOURCES AND ENVIRONMENT

NATURAL RESOURCES CONSERVATION SERVICE (NRCS) - Continued

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Cost-Share and Easement Programs: <u>b/</u>			
Wetlands Reserve Program	\$66.7	\$83.2	\$210.0
Great Plains Conservation Program . . .	25.7	15.2	11.0
Colorado River Salinity Control	13.8	0.6	2.7
Water Bank Program	8.0	0.9	0.0
Forestry Incentives Program	12.8	6.6	6.6
Total, Cost-Share/Easement Prog.	127.0	106.5	230.3
 Total, NRCS	 \$1,374.7	 \$836.6	 \$1,024.1

a/ 1995 includes one-time transfer of \$30.9 million from the Wetlands Reserve and Conservation Reserve Programs.

b/ Other conservation cost-share programs, including the Conservation Reserve Program, are financed and administered by the Consolidated Farm Service Agency.

Under the USDA reorganization, most USDA conservation programs of the former Soil Conservation Service (SCS) and Agricultural Stabilization and Conservation Service have been consolidated into a single new agency, the Natural Resources Conservation Service (NRCS). With certain exceptions such as the Agricultural Conservation Program and the Conservation Reserve Program (CRP), the NRCS will be responsible for program and policy direction, financing, management and delivery of most of the Department's conservation programs. The national appeals staff of the former SCS has been transferred to the National Appeals Division (NAD). The NAD is independent from the agencies that administer USDA programs to ensure the fair treatment of all USDA clientele.

The NRCS will channel most of its assistance to land users through the 2,500 Field Office Service Centers and nearly 3,000 local conservation districts which are units of State government organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district which provides a basis for the Department's working relationship with the district. Most of NRCS' nearly 13,000 employees are located at the district or field office level and this proportion will increase under the Department's streamlining plan as

NATURAL RESOURCES AND ENVIRONMENT

headquarters and State level staff are reduced. The 1999 streamlining target for the agency is approximately 11,500 staff years.

Within the proposed level of 1996 funding for NRCS conservation programs of about \$1 billion, the Department will undertake a major effort to increase acquisition of easements under the Wetlands Reserve Program in support of the Administration's goals for protecting and restoring wetlands. In addition, USDA will continue to place emphasis on improving overall services to farmers and providing them with the needed technical assistance to implement and maintain conservation compliance plans. Soil surveys are used to determine land capabilities and help farmers and ranchers select suitable soil management practices. An increase is requested to accelerate the progress of digitizing soil surveys which help to modernize USDA field office operations. Ongoing snow survey work, which is useful to agriculture in estimating annual water availability, will continue at current levels in 1996. The operations of the 26 plant materials centers are important in testing and encouraging the increased use of promising conservation plants and an increase is included in the budget to allow for their continued modernization. In the watershed construction area, the Department will continue its efforts to direct funds to only those projects that meet established environmental criteria and where local sponsor support is strong.

Conservation Technical Assistance (CTA). The 1996 budget proposes \$554.3 million for conservation technical assistance which will provide an adequate level of assistance to producers to help them fully implement and maintain their conservation compliance plans. Although increases are not requested for this compliance workload, it will continue to demand a large portion of the NRCS technical assistance activity.

Additional CTA funds are requested to support further development of geographic information systems and to provide technical support for an expanded Wetlands Reserve Program and for additional enrollment in the Conservation Reserve Program. Continued implementation of the Administration's wetlands policy is high priority within USDA. This policy was articulated in a Memorandum of Agreement (MOA) signed in January 1994 by USDA, the Departments of Interior and Army, and the Environmental Protection Agency, the four Federal agencies involved in wetlands related work. The MOA calls for greater interagency coordination, cooperation, and oversight and makes NRCS the lead Federal agency for delineating wetlands on agricultural lands. Several of the Administration's priority activities also will be supported through the CTA program including increases for USDA's AmeriCorps program, for implementing geographic information systems technology, and for additional support to Native Americans and the Department's Centers of Excellence initiative with 1890 institutions.

Watershed and Flood Prevention Operations. The 1996 budget proposes a funding level of \$100 million for this activity, an increase of \$30 million over 1995. The Department will continue to make significant changes in its watershed operations program in order to implement a new watershed approach that focuses resources on the most cost effective and environmentally beneficial projects and emphasizes nonstructural management systems. While the increase will provide additional project implementation funds, these

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funds will continue to be very limited and will be targeted to watersheds with complex ecosystem problems rather than to projects with single purpose concerns. NRCS has also completed a process to reduce the backlog of unfunded work by examining all watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. NRCS also helps coordinate available Federal, State, and local programs. The 1996 budget contains adequate funding to support area coordinators for all of the 277 approved RC&D areas and proposes to eliminate the relatively small financial assistance component of the program.

Wetlands Reserve Program (WRP). The WRP was authorized by the 1990 FACT Act and allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. Participants must also implement a wetlands conservation plan for which they receive financial and technical assistance from the Department. After the two limited signups of 1992 and 1994, the Department will have nearly 110,000 acres enrolled in the program. The 1995 appropriation will enable enrollment of over 100,000 additional acres in the first nationwide signup. The 1996 budget supports the Administration's wetlands policy calling for increased WRP funding and includes \$210 million to enroll 300,000 new acres. This would be in addition to the nearly 44,000 acres that have been enrolled under the Emergency Wetlands Reserve Program, which was funded with a portion of the 1994 emergency supplemental.

Cost-Share Programs. The Department is proposing reductions in its support for cost-share programs, since benefits from these programs are highly localized and that, absent Federal funding, existing non-Federal institutions may play a more prominent role in providing needed financial assistance to farmers.

Under the Great Plains Conservation Program, NRCS will participate in cost-sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the Great Plains. The budget proposes funding for this program at \$11 million which is \$4.2 million below the 1995 appropriation. Lower priority activities will be reduced and the program will give added focus to water quality problems.

The Colorado River Basin Salinity Control Program provides cost-share assistance to landowners and others in the Colorado River Basin to enhance the quality and supply of water in the Colorado River. The budget proposes a 1996 program level of \$2.7 million, an increase of \$2.1 million above the 1995 level but 20 percent of the 1994 level. Limited cost-share and technical assistance funds will continue to be used to support the five ongoing projects located in Colorado, Utah and Wyoming.

For the Forestry Incentives Program, the 1996 budget proposes to maintain funding at the 1995 appropriated level of \$6.6 million. This will provide cost-sharing for tree planting

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on more than 77,000 acres and for timberstand improvement on nearly 20,000 acres. More than 50 million trees will be planted. This would be in addition to the tree planting effort reflected in the \$28 million request for the Forest Service's Stewardship Incentives Program.

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Account	1994 Actual	1995 Current Estimate	1996 Budget
Discretionary Accounts:			
Management of the			
National Forest System:			
National Forest System	\$1,311.5	\$1,341.3	\$1,348.8
Construction	247.4	202.8	192.3
Fire Protection	190.1	159.3	164.3
Fire Suppression	190.2	225.8	239.0
Land Acquisition Accts.	65.7	66.8	66.8
Other Accounts	4.7	4.6	5.0
Total	2,009.6	2,000.6	2,016.2
Forest Research	193.1	199.7	203.8
State and Private Forestry	168.1	161.0	187.5
International Forestry	7.0	7.0	10.0
Total, Discretionary Accounts	2,377.8	2,368.3	2,417.5
Mandatory Accounts:			
Working Funds	285.5	208.9	204.0
Payments to States	321.5	249.4	244.5
Trust Funds	298.6	346.9	310.1
Total, Mandatory Accounts	905.6	805.2	758.6
Emergency Accounts:			
Pest Suppression	12.3	--	--
Fire Suppression	567.0	200.0	--
Available Fire Supp. Contingency . . .	--	(250.0)	--
Total, Emergency Accounts	579.3	200.0	--
Total, FS	\$3,862.7	\$3,373.5	\$3,176.1

NATURAL RESOURCES AND ENVIRONMENT

The Forest Service, with almost 41,000 staff years in 1994, is the largest employer in USDA. It operates in five major program areas:

- Management of the National Forests and Grasslands. The Forest Service manages approximately 191 million acres of public land -- about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed under the multiple use concept for sustained production of timber, forage, fish and wildlife, water, wilderness and outdoor recreation. There are also significant mineral deposits which can help satisfy the Nation's resource requirements. The programs are administered by a field staff stationed at 9 regional offices, 125 forest supervisor offices, and over 600 ranger district offices.
- Forest Research. The Forest Service maintains the world's largest forest research organization. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System.
- State and Private Forestry. The Forest Service makes grants and provides technical assistance to State forestry agencies for protecting forest resources and improving forest management on nonindustrial private forest lands. Funding is provided for forest pest suppression on all Federal lands and cost-share assistance is made available for pest suppression on private lands. A cooperative fire protection program provides technical and limited financial support for State wildfire fighting organizations. The Forest Stewardship and Stewardship Incentives Programs provide technical and financial assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several small programs which provide technical and financial assistance to natural resources dependent rural communities.
- International Forestry. The Forest Service participates in a variety of international activities including scientific research, technical assistance, and disaster assistance.
- Human Resources Programs. The Forest Service operates 18 Job Corps centers and provides employment for economically disadvantaged persons age 55 and older in the Senior Community Service Employment Program, both funded by the Department of Labor. The agency also operates an AmeriCorps program which enrolls 350 young people working on the national forests and in rural communities.

Streamlining. The 1996 employment ceiling of 40,473 staff years is more than 2,500 below the 1993 base used for measuring reductions in Federal civilian employment. This will be about half of the total reductions required to get the Forest Service to the 1999 target of 37,520 staff years. The 1996 budget provides for a reduction of 239 staff years from the 1995 level. This is being accomplished by continuing to right-size the workforce to take into account the permanent reductions in the timber sale and road construction

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programs from the levels of the 1980's, and by participating as a reinvention laboratory in the Administration's efforts to provide more cost-effective services to the public.

Northwest Forest Plan. In recent years, public discussion of the national forests has been dominated by litigation over the management of the Western forests within the range of the northern spotted owl. On December 21, 1994 the legal sufficiency of the Northwest Forest Plan was upheld by the Federal District Court in Seattle. If the ruling is upheld on appeal, 1996 will be the first full fiscal year of this decade in which the affected forests are managed under a plan found lawful by the courts.

The Plan identifies and protects key watersheds, old-growth forests, and numerous wildlife species. Logging will be permitted in areas outside the reserves and in a new land classification, Adaptive Management Areas, where resource managers and local communities will be enabled to develop innovative approaches to achieving conservation objectives. When fully implemented, the decadal timber harvest is expected to be about one-fourth of the average timber sale levels of the 1980's. Before timber sales can be offered in most areas, watershed assessments must be completed, and there will be an extensive monitoring program to ensure that the Plan's standards and guidelines are being met, that the desired results are being achieved, and that the Plan's assumptions are sound. In addition to land management, the Northwest Forest Plan provides for technical and economic assistance to communities and individuals who have been dependent on Federal timber supplies. Since 1994, the Forest Service has allocated additional resources to carry out the Northwest Forest Plan as shown in the following table.

Forest Service
Northwest Forest Plan
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Watershed Assessment	\$26.0	\$18.1	\$25.2
Sustainable Timber Sales Program . . .	15.6	22.1	21.2
Adaptive Management Areas	2.4	11.1	8.5
Ecosystem Planning and Monitoring . . .	3.8	16.0	16.6
Research	4.3	0.0	1.7
Ecosystem Restoration and Resource Projects	28.7	14.6	17.2
Rural Assistance	15.0	13.1	17.0
Total	\$95.8	\$95.0	\$107.4

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In addition to USDA funding, the Northwest Forest Plan is supported by funding from the Departments of Interior, Commerce, and Labor; and from the Environmental Protection Agency. Total Federal funding for 1996 is \$390.1 million, a 10 percent increase over 1995.

Firefighting. A prolonged drought in parts of the Western States has precipitated a major forest health problem with thousands of acres of standing dead timber. This has provided ample fuel for enormous wildfires. In 1994 the Nation suffered the most expensive wildfire fighting season ever recorded. The Forest Service spent nearly \$950 million on fire protection and fire suppression activities. The \$757 million cost of fire suppression was 15 percent more than for the previous 3 years combined. This \$757 million cost included \$567 million of emergency fire funding in addition to the \$190.2 million of regular fire suppression funds. The training and equipping of fire crews, contracting for aircraft availability, and other costs associated with establishing a base level firefighting organization, public information and education, and fuels management activities are budgeted each year in the Fire Protection Program. When fire conditions are severe, the agency has the latitude to supplement the presuppression program with funds appropriated for fire suppression. Actual fire suppression costs are funded from three sources: an annual appropriation for fire suppression; emergency suppression funds requiring a Presidential emergency declaration for availability; and borrowing from other funds available to the Forest Service. The 1996 budget includes \$403.3 million in discretionary funds appropriated for fire protection and suppression, a 5 percent increase over 1995. Actual expenditures will depend on the severity of the fire season. The flexibility to use emergency funding and to reallocate funds is available as necessary.

Timber Program. In 1994, the volume of national forest timber sold or released under long-term contract was 3.2 Billion Board Feet (BBF). Throughout the country, timber management on the national forests has been modified to reduce conflicts with other resource policy goals such as protection of wildlife habitat and satisfying an increasing demand for outdoor recreation opportunities. The wildlife habitat conflicts have been especially important, and the 1996 budget proposes a 10 percent increase in funding for anadromous fish and threatened and endangered wildlife species habitat work. The 1996 budget proposes funding to support a timber sales level of 3.7 BBF, a significant increase over the volume offered in 1994 and a decrease from the 4.0 BBF currently projected for 1995. In the West, the program will continue to emphasize the use of timber salvage sales to accomplish the dual goal of providing wood resources to the timber industry and of reducing the amount of dead and dying standing timber contributing to the wildfire hazard. Funding for timber sale preparation and for the administration of existing timber sale contracts is proposed to decline from \$181.1 million in 1995 to \$157.8 million in 1996. Timber Salvage Sales funding will be approximately \$140 million in 1996.

Recreation Related Programs. The national forests are the leading Federal provider of total outdoor recreation use. The public uses the national forests for a broad array of outdoor recreational experiences, including such traditional activities as camping, hiking, hunting and fishing, and skiing, as well as newer sports such as mountain biking and snowmobiling. The forests also afford opportunities for such diverse pursuits as bird

NATURAL RESOURCES AND ENVIRONMENT

watching and participating in archaeological excavations. Funding in support of recreation includes the operation and maintenance of outdoor recreation facilities, wildlife and fish habitat work which supports game species as well as the wildlife resource generally, and land acquisition which gives a high priority to ensuring the protection of national recreation areas, designated wilderness, and wild and scenic river corridors.

Forest Service Recreation Related Programs (Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Recreation and Trails:			
Recreation Operations and Maint. . . .	\$157.9	\$159.4	\$175.3
Wilderness Management	45.0	46.6	35.1
Heritage Resources	10.9	14.6	18.5
Facilities Construction	84.7	52.3	46.8
Trail Construction	32.3	32.6	26.4
Total, Recreation and Trails	330.8	305.5	302.1
Wildlife:			
Wildlife Habitat	27.4	30.2	28.4
Inland Fisheries Habitat	13.5	15.4	18.6
Total, Wildlife Related to Rec.	40.9	45.6	47.0
Land Acquisition	64.2	65.3	65.3
Total	\$435.9	\$416.4	\$414.4

Range. The 1996 budget puts a strong emphasis on achieving ecosystem protection and restoration of the Nation's rangelands by more than doubling the level of resources available for range management in the National Forest System account, from \$18.5 million in 1995 to \$43.4 million in 1996. This funding level will support increased work on compliance with the National Environmental Policy Act in the renewal of expiring grazing permits as well as improved coordination of grazing with other resource needs, particularly the protection of riparian areas critical to the habitat of threatened or endangered salmon and other anadromous fish species. There will be an acceleration of rangeland restoration activities in those areas most susceptible to deterioration.

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Forest Research. The 1996 budget proposes \$203.8 million for Forest Research, a 2 percent increase over 1995. This will fund the necessary scientific support as the agency continues to integrate ecosystem management into its operations.

State and Private Forestry. Total funding for State and Private Forestry is proposed at \$187.5 million for 1996, a 16 percent increase over 1995. Protection of forest resources of all ownerships, including Federal lands, from damage due to pests is funded at \$38.4 million, a 10 percent increase over 1995. Assistance to State wildfire fighting agencies is funded at \$17.6 million, a 28 percent increase over 1995. In recognition of the increased levels of harvests on private nonindustrial lands, the budget stresses the increased need for conservation plans and reforestation. Cooperative forestry programs aimed at the improvement of private and community forest lands are funded at \$105.4 million, a 33 percent increase over 1995. Economic action programs for communities dependent on natural resources receives a total of \$26.0 million, a 21 percent decrease from 1995.

International Forestry. The 1996 budget proposal of \$10 million is a \$3 million increase from 1995. The proposed funding amount strengthens the ability of the Forest Service to provide national and global leadership in sustainable forest management, cooperation, and conservation.

FOOD SAFETY

MISSION

The Under Secretary of Agriculture for Food Safety was established pursuant to the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354). The reorganization provides for increased emphasis on and visibility of the Department's food safety activities. The Food Safety mission area includes all activities of the Food Safety and Inspection Service, as well as certain functions under the Egg Products Inspection Act previously performed by the Agricultural Marketing Service, and the *Salmonella enteritidis* and live animal pathogen reduction programs previously performed by the Animal and Plant Health Inspection Service. The mission of the Food Safety and Inspection Service is to ensure the Nation's meat, poultry, and processed egg product supply is safe, wholesome, and properly labeled.

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Slaughter Inspection	\$311.9	\$310.7	\$332.9
Processing Inspection	127.4	127.1	140.7
Import-Export Inspection	12.6	12.6	13.9
Subtotal, Meat and Poultry			
Inspection Operations	451.9	450.4	487.5
Pathogen Reduction Program	11.0	14.2	26.1
Field Automation and Information Mgt	- -	- -	8.4
Laboratory Services	18.7	18.6	19.8
Grants to States	39.6	39.6	42.0
Egg Products Inspection	10.7	10.4	11.1
Existing User Fees and Trust Funds	73.7	79.6	83.0
Subtotal	605.6	612.8	677.9
Supplemental Request	- -	9.1	- -
Total, Program Level	605.6	621.9	677.9
Existing User Fees and Trust Funds	-73.7	-79.6	-83.0
New User Fees	- -	- -	-106.8
Total, FSIS Appropriations	\$531.9	\$542.3	\$488.1

FOOD SAFETY

FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into commerce, including review of foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to States that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,300 establishments and 150 import stations. Regional and area offices and FSIS laboratories provide administrative, technical, and analytical assistance to in-plant personnel. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS coordinates the development of its policies with other USDA agencies, the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as international organizations, to ensure an integrated farm-to-table approach to food safety is incorporated into the inspection program. While working to modernize inspection systems and improving regulatory processes, the agency will continue to streamline administrative functions and field structures.

For 1995, FSIS received an appropriation of \$533.2 million, which was approximately the amount appropriated to FSIS in 1994. This level is a net decrease of \$17.5 million from the \$550.7 million requested for FSIS in the 1995 President's budget. FSIS did not receive funding increases for inflation, pay costs, additional inspectors, or pathogen reduction activities. The 1996 budget includes a fiscal year 1995 supplemental funding request of \$9.1 million for costs not adequately covered by the appropriations.

For 1996, the budget proposes a program level of \$677.9 million, a net increase of \$56.0 million over the 1995 current estimate after taking into account the supplemental request for 1995. Of the total increase, approximately \$23.9 million will fund increased operating costs, which will be partially offset by a reduction of \$9.0 million resulting from streamlining administrative functions and reducing noninspection personnel. The budget also includes an increase of \$41.1 million for programmatic changes including implementation of the Pathogen Reduction Program. For 1996, the agency will repropose legislation to collect \$106.8 million in new user fees for providing inspection services beyond a primary approved shift. This proposal would reduce the amount appropriated to \$488.1 million. Major FSIS activities are described below.

Meat and Poultry Inspection Operations. FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS reviews inspection systems in countries exporting meat and poultry products to the U.S. and inspects imported products. Products destined for export markets are inspected by FSIS domestic inspectors at slaughter and processing plants to determine if labeling and packaging are in accordance with the destination country's standards.

FOOD SAFETY

In addition to increased funding to fully support current inspection operations, the 1996 budget includes \$18.7 million to hire over 400 additional slaughter and processing inspectors to fill critical inspector vacancies and to accommodate industry growth. In addition to domestic inspectors, the 1996 budget includes an increase of \$0.9 million to hire additional import inspectors. These inspectors will review inspection systems of foreign countries seeking eligibility to export meat and poultry products to the United States. The 1996 budget also includes funds to establish an international liaison position that would work with foreign health officials visiting meat and poultry establishments in the United States to assure acceptability of American products for export. FSIS is committed to decreasing its staff years devoted to administrative and other noninspection activities to provide increased staffing for inspectors. The 1996 budget includes an increase of \$0.9 million to test new ways of carrying out inspection tasks on a day-to-day basis.

Pathogen Reduction Program. This activity was initiated in 1993 to develop scientific methods that could be used to reduce the likelihood that harmful pathogens will enter the food supply. The program includes live animal production activities, development of rapid analytical methods, analysis of slaughter and processing operations to reduce pathogens, education programs for food service and retail employees, and consumer education.

The 1996 budget includes an increase of \$11.9 million in the Pathogen Reduction Program. This increase will foster further improvements in the control of microbiological contamination of meat and poultry products from the farm to the table. Of this amount, \$11.1 million would be used to enhance microbiological testing in slaughter and processing establishments, increase enforcement activities, expand the evaluation and development of rapid microbiological testing, consumer education, and risk assessment. The remaining balance would be used to initiate studies on the prevalence of microbiological contamination at the farm level and ways to reduce or eliminate such contamination.

Field Automation and Information Management (FAIM). The FSIS inspection workforce is widely dispersed, yet the inspection system requires the ability of these various points to communicate large volumes of complex information rapidly. Such information includes instructions, laboratory test results, and current technical and managerial information. The current system, which relies on mail and telephone communication, cannot fulfill the agency's requirements. In order to facilitate the flow of information and to introduce management efficiencies, the 1996 budget includes an increase of \$8.4 million to implement the Field Automation and Information Management (FAIM) system. FAIM is an initiative to provide computers to in-plant and other field personnel as a means to improve program management and communication with field personnel.

Funds requested for 1996 would be used to acquire computers, software, and requisite training for one-fifth of the field personnel and to upgrade central data bases. Full field implementation will take 5 years to complete. Costs of investing in FAIM will be partially offset in 1996 by a \$1.0 million reduction in management operations. As FAIM is implemented, FSIS will consolidate the current field structure, management support functions, and other administrative functions supported by field automation.

FOOD SAFETY

Laboratory Services. FSIS operates three laboratories and has agreements with three other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter. The 1996 budget includes an increase.

Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs. Currently, 27 States participate in the program. The 1996 budget includes an increase for inflation.

Egg Products Inspection. FSIS provides mandatory continuous in-plant inspection to egg product processing plants. The inspector checks the acceptability of eggs, the sanitation of plant and equipment, and determines if the egg products have been properly processed. Eggs imported into the United States must be inspected under a USDA-approved continuous inspection system and meet the same requirements as domestic egg products. Imported eggs are inspected at ports of entry and handled in the same manner as domestic eggs. The 1996 budget includes an increase of \$0.3 million to test egg products for *Listeria monocytogenes* and \$0.3 million to fully support ongoing inspection operations.

Existing User Fees and Trust Funds. Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law are charged a user fee to recover the full cost of the services provided.

New User Fees. The 1996 budget request proposes legislation to provide FSIS the authority to recover 100 percent of the cost of providing inspection service beyond a primary approved shift. An estimated \$106.8 million is expected to be collected in new user fees. The proposal will correct existing inequities in the manner in which the industry is charged for overtime inspection. Currently, meat and poultry inspection services that are regularly scheduled and approved are provided at no cost to establishments. Establishments that require inspection services during overtime and holidays must reimburse the agency for the entire cost of providing inspection services during those periods. As a result, establishments that are able to schedule two eight-hour shifts in a day are provided inspection without charge. However, the generally smaller establishments that do not have enough production to warrant a complete additional shift must pay overtime. The user fee proposal would put establishments on equal footing with regard to the costs of inspection by charging all establishments for the cost of operating beyond a single complete shift.

Continued investment in meat, poultry, and egg products inspection is needed to hire personnel to more adequately staff in-plant inspection positions and for the scientific effort

to reform the system. However, current constraints on appropriated funds have hindered these investments. Because taxpayers and the industry are both beneficiaries of the safe food supply ensured by the inspection system, they both should share in the cost of operating the system. The user fee proposal would result in industry paying about 28 percent of the cost of the meat, poultry, and egg products inspection system, while taxpayers would continue to finance approximately 72 percent of the cost of the system. These fees will have a negligible impact on prices.

RESEARCH, EDUCATION, AND ECONOMICS

MISSION

The Research, Education, and Economics reorganization combines eight previously separate organizations and agencies into four agencies. These agencies and missions are:

- The Agricultural Research Service (ARS) includes functions previously performed by the Human Nutrition Information Service and the National Agricultural Library. The overall mission of ARS is to develop new knowledge and technology and provide access to agricultural information needed to solve technical agricultural problems of broad scope and high national priority to ensure adequate availability of high-quality, safe food and other agricultural products to meet the nutritional needs of the American consumer, to sustain a viable and competitive food and agricultural economy, to enhance quality of life and economic opportunity for rural citizens and society as a whole, and to maintain a quality environment and natural resource base.
- The Cooperative State Research, Education, and Extension Service (CSREES) was created through the merger of Cooperative State Research Service and the Extension Service. The mission is to work with university partners to advance research, extension, and higher education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the Nation.
- The Economic Research Service (ERS) provides economic and other social science information and analysis for public and private sector decisions on agriculture, food, natural resources, and rural America. Functions of the former Office of Energy are now part of ERS.
- The National Agricultural Statistics Service (NASS) serves the United States, its agriculture, and its rural communities by providing meaningful, accurate, and objective statistical information and services.

These organization changes provide enhanced opportunities for full integration of program planning and administrative functions, improved coordination of intramural and extramural research programs, and enhanced delivery of new technology in partnership with the States. The closer organizational relationship of the Economic Research Service and the National Agricultural Statistics Service with the research agencies will improve research administration and management. Administrative management functions for the mission area have been consolidated in a single unit in the Agricultural Research Service.

In addition to these headquarters consolidations, the budget reflects the plan to continue to streamline field operations by improving the viability of the highest priority labs, eliminating lower priority laboratories and consolidating administrative functions.

RESEARCH, EDUCATION, AND ECONOMICS

The initial focus in implementing the new organizational structure is on reorganizing the headquarters program and administrative management units.

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Soil and Water Conservation	\$88.0	\$83.0	\$82.1
Plant Science	250.8	244.2	237.6
Animal Science	115.1	113.9	112.4
Commodity Conversion and Delivery . . .	135.4	141.5	139.5
Human Nutrition	60.9	62.4	71.4
Information and Library Services	17.3	17.4	18.6
Integration of Agricultural Systems	27.0	30.7	28.9
Repair and Maintenance	17.6	18.3	18.3
Contingency Research Fund	0.9	0.9	0.9
Trust Funds	11.3	14.1	14.1
Total, Research and Information	724.3	726.4	723.8
Buildings and Facilities	32.7	43.7	30.2
Total, ARS	\$757.0	\$770.1	\$754.0

Basic and applied research is conducted at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities and support of USDA regulatory and technical assistance programs. As the lead Federal agency for human nutrition research, ARS operates five major labs for this research and conducts surveys to gather data on actual food intakes. Also within ARS is the National Agricultural Library, the Nation's major information resource in the food, agricultural and natural resources sciences. After closures and consolidations taking place during the current fiscal year, ARS will begin 1996 with research activities at 116 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARS center which is also the world's largest multi-disciplinary agricultural research facility.

RESEARCH, EDUCATION, AND ECONOMICS

The 1996 budget reflects a small net reduction for Federal research programs. However, within the total, the agency will be redirecting funds from a number of lower priority research projects to fund higher priority work.

In addition to retargeting research to fit higher priorities, the budget addresses the need to streamline and modernize the Federal agricultural research infrastructure. Twelve lab locations will be closed, resulting in reduced overhead costs and higher utilization rates for remaining facilities. Labs are proposed for closure at the following locations: Brawley, CA; Miami, FL; Houma, LA; Orono, ME; E. Grand Forks, MN; Sidney, MT; Reno, NV; Chatsworth, NJ; Clemson, SC; El Reno, OK; Jackson, TN; and Brownwood, TX.

Administrative functions, including personnel, procurement, information systems management and financial management, for all of the research, education and economics agencies are being consolidated in ARS. Greater efficiency, better coordination and lower costs will result.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is the primary focus of this research program. Environmental concerns associated with farming and ranching continue to receive attention from the industry and the general public. Federal research will be directed to continue high priority programs in global change, water quality and sustainable farming systems. The budget includes a program increase of \$1.0 million to assess the mechanisms of agricultural dust emissions in order to provide a basis for control strategies and reduce agriculture's contributions to small particulate dust (PM-10) subject to regulation under the Clean Air Act of 1990.

Plant Science. Ongoing research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term improvements in crop production. Use of crop protection chemicals remains an important factor in profitable farming systems, but there are opportunities to reduce the amount of chemicals used. A \$5.0 million increase is proposed to undertake additional work on pest management technologies in cooperation with the Cooperative State Research, Education, and Extension Service and other agencies working together to achieve the Administration's goal of implementing IPM practices on 75 percent of crop acres by the year 2000. Also, an increase of \$1.0 million is targeted for work in germplasm preservation and genome mapping to expand agricultural biodiversity.

Animal Science. Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of emphasis include disease prevention, genetics and genome mapping, reproduction, nutrition and food quality and safety concerns. As part of the Pathogen Reduction Program, the budget includes an increase of \$2.5 million to develop new technologies for detection and control of pathogens at the producer level. Research will examine the genetic makeup of livestock in order to determine which animals are resistant to pathogens, and develop

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new approaches to enhance the immunity of animals that tend to be most susceptible to pathogens.

Commodity Conversion and Delivery. Research focuses on food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities. Research also addresses other current issues such as the development of alternatives to methyl bromide for quarantine treatments. A high priority research area is the reduction of pathogens in meat and poultry products. An increase of \$5.0 million is proposed within commodity conversion in 1996 to allow scientists to explore post-harvest means to control pathogens. Research is proposed to develop intervention strategies and to upgrade assessment and diagnostic technologies that will be used under the Hazard Analysis and Critical Control Point (HACCP) approach being implemented by the Department's Food Safety and Inspection Service.

Human Nutrition. Five Federal research centers are dedicated to developing a better understanding of nutrition needs of children, the elderly, pregnant and lactating women, and healthy adults. Results of this work clarify the mechanisms of food components in reducing chronic disease risk and define nutrient interactions. ARS research activities in this area are closely coordinated with nutrition programs in USDA and the Department of Health and Human Services. The 1996 budget includes \$9.0 million to expand research in human nutrition. The majority of the funding is proposed for conducting surveys of food consumption with increased focus on infants and children. Data from the surveys will meet a number of needs, including providing the basis for more accurate dietary tolerances for pesticides. Research is proposed to examine the nutrient needs for the growth and development of muscle, bone, and organ functions of the elderly population. Funding is also proposed for a pilot-test assessment of nutritional needs and intervention approaches that will be conducted in the Lower Mississippi Delta region.

Integration of Agricultural Systems. Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Results include the development of decision support systems for education and technical assistance programs designed to assist producers in making production decisions and managing natural resources. Within the total, ARS will provide \$0.2 million in 1996 to cooperate with the Rural Business and Cooperative Development Service in supporting an 1890 Center of Excellence at Alcorn State University in Mississippi. The Center will develop programs aimed at revitalizing and improving hog production and marketing opportunities for small-scale producers.

Information and Library Services. As part of ARS, NAL will continue to provide access to agricultural information through its online database and other means. In 1996, program increases include \$0.5 million for the National Agricultural Preservation and Storage Program and \$1.0 million for the Electronic Information Initiative. The storage program will allow NAL to preserve valuable, but deteriorating agricultural and scientific materials while saving space by converting selected literature into digital format. The Electronic

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Information Initiative will enable NAL to receive requests and distribute information obtained from a variety of databases in electronic format over the Internet.

Building and Facilities. Innovative research often depends upon the availability of modern facilities. Many of the major facilities available to ARS researchers were constructed prior to 1960 and are functionally obsolete and in need of major modernization to bring them up to current health and safety code requirements. A total of \$30.2 million is proposed in 1996 for facilities at five priority ARS locations.

- Peoria, Illinois (\$11.7 million) - renovation of the North wing and planning for future work on the chemical wing.
- New Orleans, Louisiana (\$0.9 million) - construction of the chemical wing and exterior site repairs.
- Beltsville, Maryland (\$10.0 million) - continued funding for modernization consistent with major facility study.
- Plum Island, New York (\$5.0 million) - continued modernization of foreign animal disease facility.
- Montpellier, France (\$2.6 million) - construction of a replacement facility for biocontrol research.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Research and Education	\$444.1	\$433.5	\$436.9
Extension Activities	436.2	438.8	444.7
Subtotal, Programs	880.3	872.3	881.6
Buildings and Facilities	54.0	62.7	0.0
Total, CSREES	\$934.3	\$935.0	\$881.6

USDA provides funding for agricultural research, education, and extension conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, and other institutions. Federal funds are distributed to the States by statutory formula, competitive award, and other means. USDA serves as a leader and coordinator of the various planning and oversight processes through which priorities are set and programs administered. Reorganization legislation merges these previously separate agencies and facilitates streamlining plans to combine planning staffs within CSREES and to consolidate and move administrative functions to ARS.

The following budget presentation is based on the appropriation language and account structure in the 1995 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act which was enacted in September 1994, prior to enactment of reorganization legislation.

The budget for cooperative research and education activities reflects stable funding for the basic formula programs and increases for selected programs that address broad national problems and/or represent specific components of national initiatives. Other special grants and construction projects are slated for reductions.

The budget for cooperative extension programs reflects stable funding for the formula programs and increases for selected programs that address broad national problems and/or represent specific components of national initiatives. There are selected reductions in other programs.

RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service
Cooperative Research and Education Activities
Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Hatch Act	\$171.3	\$171.3	\$171.3
1890 Colleges and Tuskegee Univ.	28.2	28.2	28.2
Cooperative Forestry	20.8	20.8	20.8
Animal Health and Disease Formula	5.6	5.6	5.6
National Research Initiative:			
Natural Resources and Environment	21.8	16.7	27.0
Plants	40.3	37.0	47.0
Animals	23.0	23.1	29.5
Nutrition, Food Safety and Health	7.4	7.4	11.0
Processes and New products	6.9	6.9	9.0
Markets, Trade, and Rural Development	3.7	3.7	6.5
Earmarked Programs:			
Water Quality	--	4.7	--
Integrated Pest Management	--	2.3	--
Pesticide Impact Assessment	--	1.3	--
Total, NRI	103.1	103.1	130.0
Special Research Grants	60.0	51.5	15.0
Improved Pest Control	10.8	9.8	25.0
Sustainable Agriculture	7.4	8.1	9.5
Aquaculture Centers	4.0	4.0	4.3
Supplemental and Alternative Crops	1.8	1.3	2.3
Critical Agricultural Materials Act	0.5	0.5	0.0
Rangeland Research Grants	0.5	0.5	0.5
Federal Administration	11.4	10.0	1.7
Higher Education	8.8	8.9	12.1
1890 Capacity Building Grants	9.9	9.9	10.6
Total, Research and Education	444.1	433.5	436.9
Buildings and Facilities	54.0	62.7	0.0
Total, Cooperative Research and Education Activities	\$498.1	\$496.2	\$436.9

RESEARCH, EDUCATION, AND ECONOMICS

Hatch, 1890 Colleges, Cooperative Forestry and Animal Health Formulas. Formula distributions to the State Agricultural Experiment Stations (SAES), 1890 universities, and other research institutions provide non-earmarked funds to conduct agricultural and forestry research. Evans-Allen formula funds support research activities at the 1890 Colleges and Tuskegee University, the historically Black land-grant schools. On a nationwide basis, Hatch Act formula funds represent about 8 percent of the research funding at SAES while formula funds provide nearly all of the research funding at the 1890 Colleges and Tuskegee University.

National Research Initiative. A significant feature of the 1996 research budget is additional funding for the National Research Initiative (NRI). A wide range of environmental, health, and nutrition concerns have added additional complexity to production management decisions faced by agricultural producers. At a national level, there is interest in assuring the safety of the food supply, providing systems for sustainable food and fiber production, improving nutritional status, enhancing international competitiveness and providing improved economic opportunities for rural residents. Breakthroughs in the biological sciences have equipped researchers with powerful new tools to solve the ongoing as well as emerging challenges. An increase of \$26.9 million is proposed for the NRI to fund merit-reviewed research proposals in the following six categories: Natural Resources and Environment; Plants; Animals; Nutrition, Food Safety and Health; Processes and New Products; and Markets, Trade and Rural Development.

Special Research Grants. These grants fund research on designated problem areas at SAES and other institutions. Research grants targeting local issues or concerns which benefit limited specific business sectors are not included in the budget. Funds are proposed for the following national priority special grant programs:

- Global Change (\$3.5 million) - funding for the completion of the Ultraviolet-B (UV-B) monitoring network which will generate data necessary for examining the impact of UV-B radiation on agriculture and the environment.
- Alternatives to Pesticides and Critical Issues (\$5.0 million) - new funding is proposed for 1996 to respond to the loss of pesticides due to regulatory actions and genetic pest resistance. In accordance with the August 1994 Memorandum of Understanding between USDA and EPA, the Department will identify, with grower input, a list of crop/pest control combinations where current control options are limited. EPA will identify pesticides under review for possible actions that might limit their availability for use in agriculture. Research funding will provide the major support to address the priority needs identified through the USDA/EPA review process.
- Water Quality (\$4.5 million) - increased funding is proposed to conduct research at universities and other research institutions to address water quality concerns in accordance with the overall USDA Research Plan for Water Quality.

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- Energy/Biofuels (\$0.8 million) - new funding is proposed for development, testing and analysis of renewable fuel technologies which may potentially supply clean fuel from agriculture and forest-derived materials.
- Funds are also proposed for the National Biological Impact Assessment Program, Minor Use Animal Drugs Program, and Rural Development Centers.

Improved Pest Control. In 1996, funds are proposed for special grants for high priority research to develop improved Integrated Pest Management systems and to conduct other programs related to the EPA pesticide registration process. Proposed funding is for the following activities:

- Integrated Pest Management and Biological Control (\$7.0 million) - This grant provides funding for research proposals to develop new technologies that maximize use of biological and natural controls of pests. Integrated Pest Management and biological controls have been proven effective in controlling a number of insects and with further development offer the potential to replace chemical treatments. Increased funding is proposed as part of the Administration's policy to reduce the risk from pesticide use.
- Pesticide Clearance (\$15.0 million) - increased funding is proposed to assure continued availability of minor use registrations for agricultural commodities as the EPA reregistration process proceeds. This grant will also support research necessary to obtain initial EPA registration of safer pesticides for minor crops, including most fruits and vegetables and ornamental nursery crops.
- Pesticide Impact Assessment (\$3.0 million) - funding supports university scientists serving on assessment teams to determine the economic benefits and consequences of various pest control approaches for use in EPA reregistration activities.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer purchased inputs. A \$1.4 million increase is proposed for 1996 to conduct research to develop and improve these management practices for adoption in a wide variety of climate, soil, and crop settings.

Higher Education. Increased funding for higher education is proposed to initiate a Hispanic Education Partnerships Grant Program and an endowment fund for Native American Institutions. Funds are also provided to continue successful ongoing programs which support graduate and undergraduate education and improve instructional capabilities in the food and agricultural sciences. Increased funding is proposed for the 1890 Capacity Building Grants Program which supports partnerships between historically Black 1890 institutions and USDA agencies to improve the research and instruction programs at those schools.

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Cooperative State Research, Education, and Extension Service Extension Activities Program Level (Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Smith-Lever 3(b&c) Formula	\$272.6	\$272.6	\$272.6
1890 Colleges and Tuskegee University Formula	25.5	25.5	26.2
Renewable Resources Extension Act . . .	3.3	3.3	3.3
National Interest Programs:			
Water Quality	11.2	11.2	11.2
Children, Youth and Families at Risk . .	10.0	10.0	10.0
Food Safety	2.0	2.5	2.5
Low Income Nutrition (EFNEP)	61.4	61.4	61.4
Nutrition Education Initiative	4.3	4.3	4.3
Sustainable Agriculture	3.0	3.5	5.0
Pest Management	8.5	10.9	15.0
Pesticide Impact Assessment	3.4	3.4	3.4
Pesticide Applicator Training	0.0	0.0	2.0
Farm Safety	3.0	3.0	1.0
Rural Development Centers	1.0	1.0	1.0
Indian Reservation Extension Agents . .	1.8	1.8	1.8
Other Programs:			
1890 Facilities	7.9	7.9	15.0
Agricultural Telecommunications	1.2	1.2	1.2
Rural Health and Safety Education . . .	2.0	2.7	2.7
Rural Technology Grants	1.5	0.0	0.0
Federal Administration	12.6	12.6	5.1
Total, Extension Activities.	<u>\$436.2</u>	<u>\$438.8</u>	<u>\$444.7</u>

Smith-Lever 3(b&c), and 1890 Colleges. These formula programs provide non-designated support for education and technology transfer programs conducted through the partners of the Cooperative Extension System, including the 1890 universities and Tuskegee, the historically Black land-grant schools. Federal funds provide about one-third of Cooperative Extension funding nationwide.

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National Interest Programs. Funds are proposed to continue and expand a number of high priority programs that support education and technology transfer in National interest topics. Funds are provided to State cooperative extension services through formula distributions and merit-based selections to support specific projects. Selected programs in this area include:

- EFNEP - provides low-income families with information to increase nutrition knowledge and improve nutritional practices. Funds are distributed to each State on a formula basis where they are used primarily to hire community-based nutrition aides who meet with EFNEP participants on a one-to-one basis or in small groups.
- Nutrition Education Initiative - serves as an outreach component to the growing clientele enrolled in USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
- Sustainable Agriculture - increased funding is proposed to expand ongoing sustainable agriculture training and education efforts. The projects will support the adoption of environmentally benign production systems.
- Pest Management - increased funding is proposed to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques, to support the Administration's goal of extending the use of IPM practices on 75 percent of crop acres by the year 2000.
- Pesticide Impact Assessment - provides data to define and evaluate the benefits and risks of selected pesticides having critical agricultural and forestry uses.
- Pesticide Applicator Training - increased funding will support development of training materials with emphasis on IPM and augment training programs carried out at the universities for private and commercial pesticide applicators.
- 1890 Facilities Program - the budget is based on proposed legislation to extend the current authorization for construction of facilities at 1890 institutions through fiscal year 1997 and authorize a new program of competitively awarded grants for new construction, repair, renovation, and expansion of research, teaching and extension facilities.

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ECONOMIC RESEARCH SERVICE (ERS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Economic Analysis and Research	\$55.2	\$53.5	\$54.6
Trust Funds	0.5	0.4	0.4
Total, ERS	\$55.7	\$53.9	\$55.0

ERS provides economic and other social science information and analysis on agriculture, food, natural resources, and rural America. Through the agency's research and analysis program, ERS produces economic information related to domestic and international agricultural developments; statistical indicators of food and consumer issues and concerns, including nutrition education and food assistance, food safety regulation, determinants of consumer demand for quality and safety, and food marketing trends and developments; agricultural resource and environmental issues; and the effect of public policies and private actions on national rural and agricultural conditions, including the transformation of the rural economy, the financial performance of the farm sector, and the implications of changing farm credit and financial market structures. The information produced by ERS is used both by private entities such as farmers and consumers in the decisions that they make and by public officials in developing, administering, and evaluating agricultural and rural policies and programs.

A reorganization and streamlining of ERS was recently implemented and the agency's total staffing is now at the level projected for 1999 in the streamlining plan. The proposed increase for 1996 would cover pay and operating cost increases.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Agricultural Estimates	\$77.9	\$77.4	\$86.2
Statistical Research and Service	3.9	3.6	3.7
Trust Funds	0.3	0.2	0.2
Total, NASS	\$82.1	\$81.2	\$90.1

NASS administers the Department's program of generating and publishing current national and State agricultural statistics. Statistical data provided by NASS are used in policy, production, and marketing decisions. The agency conducts its estimating program through a network of 45 State Statistical Offices, which serve all 50 States. The majority of these offices are operated through cooperative agreements with State Departments of Agriculture or universities and function as joint State-Federal offices. NASS collects, summarizes, analyzes, and publishes agricultural production and marketing data for a wide range of items, including: number of farms and land in farms; acreage, yield, production, and stocks of major crops and selected specialty crops; inventories and production of livestock, poultry, fish, and dairy products; prices received by farmers for products, prices paid for commodities and services, and related indexes; cold storage supplies; agricultural chemical use; and other related areas of the agricultural economy and rural America. NASS annually publishes over 400 national reports that cover more than 10 crop and 45 livestock items. The 1996 budget includes a net increase of \$8.9 million above the 1995 estimate, consisting of:

- an increase of \$6.3 million for expanded pesticide surveys. These additional funds would allow NASS to expand its pesticide use surveys to include 12 additional States and 10 additional crops, including "minor" or specialty crops, which would nearly double the number of States and crops in the program. NASS would also conduct surveys that provide information on recordkeeping requirements pertaining to restricted use pesticides. These surveys will also provide important information on the rate of adoption of IPM practices.
- other increases would fund improved survey processing systems and pay increases for non-Federal staff located in the agency's State Statistical Offices. The improvements in NASS survey processing systems will result in savings in future years.

MARKETING AND REGULATORY PROGRAMS

MISSION

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

The Marketing and Regulatory Programs are administered by three agencies: the Agricultural Marketing Service; the Grain Inspection, Packers and Stockyards Administration; and the Animal and Plant Health Inspection Service.

During 1995, 24 field offices servicing the Marketing and Regulatory agencies will be closed including 8 of the Agricultural Marketing Service; 8 of the Grain Inspection, Packers and Stockyards Administration; and 8 of the Animal and Plant Health Inspection Service. The entire field office structure is being evaluated to determine if additional offices could be closed, consolidated, or collocated. In addition, the three agencies will be reducing their administrative costs by consolidating administrative functions.

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AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Marketing Services:			
Market News	\$19.4	\$19.6	\$19.6
Shell Egg Surveillance and Standards Development	5.7	6.2	6.5
Market Protection and Promotion	15.2	15.5	19.5
Wholesale Market Development	2.3	2.3	2.3
Transportation Services	2.6	2.6	2.6
Total, Marketing Services	45.2	46.2	50.5
Payments to States	1.3	1.2	1.2
Section 32 Funds:			
Marketing Agreements and Orders . . .	10.3	10.3	11.0
Commodity Purchase Services	4.4	6.1	6.1
Total, Section 32 Funds	14.7	16.4	17.1
Total, Appropriated and Section 32 Funds	61.2	63.8	68.8
Existing User Fees:			
Perishable Agricultural Commodities			
Act Trust Fund	7.5	7.6	7.6
Commodity Grading Services	148.6	159.5	160.9
Total, User Fee Funded Prgms	156.1	167.1	168.5
Total, AMS Program Level	217.3	230.9	237.3
Existing User Fees and Trust Funds . . .	-156.1	-167.1	-168.5
New User Fees	- -	- -	-14.4
Section 32 Funds	-14.7	-16.4	-6.6
Total, AMS Appropriations	\$46.5	\$47.4	\$47.8

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AMS facilitates the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. AMS is organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for overseeing the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas. AMS has cooperative agreements with the States to administer in whole or in part several AMS programs. Under these agreements, State employees carry out the program under Federal supervision. A majority of AMS programs are voluntary and funded by the users of the program. In 1995, AMS plans to close eight field offices.

For 1996, the AMS budget proposes a program level of \$237.3 million of which \$182.9 million (77.1 percent) will be funded by user fees and \$54.4 million (22.9 percent) by appropriated and section 32 funds. Of the \$6.4 million increase over the 1995 current estimate, \$4.4 million reflects an increase for pay and inflation, offset by a decrease of \$3.1 million in administrative overhead and staff-year reductions, and an increase of \$5.1 million for programmatic changes. The 1996 budget also proposes to shift \$10.5 million in Section 32 activities to user fees. Specific AMS activities include the following:

Marketing Services. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, surveillance of shell egg handling operations, development of grade standards, protection of producers from unfair marketing practices, random testing of commodities for pesticide residues, and research and technical assistance aimed at improving efficiency of food marketing and distribution. Pursuant to the Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) processed egg products inspection functions previously carried out by AMS were delegated to the Food Safety and Inspection Service. The 1996 budget includes the following changes:

- Shell Egg Surveillance: In cooperation with State Departments of Agriculture, shell egg handling operations and hatcheries are inspected at least four times per year to ensure that certain types of undergrade and restricted eggs are being disposed of properly. Eggs that cannot be sold in shell form must be delivered to egg breaking plants or discarded. An increase of \$0.4 million is included to purchase equipment and perform temperature testing of egg packing plants and transportation vehicles to ensure compliance with recent amendments to the Egg Products Inspection Act. These amendments require shell eggs to be held at 45 degrees Fahrenheit ambient temperature after packing.
- Standards Development: AMS provides grading services on a user fee basis for meat, poultry, eggs, dairy products, fruits, vegetables, cotton, and tobacco. These grades are based on standards of quality developed and maintained by AMS. Funds were appropriated for the development of commodity standards in 1994 and 1995.

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Under general user fee authority, AMS recovered these funds through user fees and deposited them into the Treasury general fund. For 1996, legislation will be proposed to permit AMS to retain the \$3.9 million in fees collected for development of commodity standards and eliminate the need for an appropriation.

- Market Protection and Promotion: The Organic Foods Production Act of 1990 (P.L. 101-624) authorizes the implementation of an organic certification program. The Act requires the development of national standards governing the production and handling of agricultural products labeled organic. The Act also requires AMS to examine and accredit State and private certification programs to ensure compliance with national organic standards. For 1996, the AMS budget includes an increase of \$0.6 million to establish and implement national minimum organic standards and a program to certify organic production.

The 1990 FACT Act requires applicators of restricted use pesticides to maintain pesticide application records. The 1990 FACT Act establishes fines for not maintaining the records. States are given the option to administer the program. AMS is responsible for implementing the program in those States not choosing to do so. For 1996, an increase of \$2.6 million is requested to establish monitoring programs to ensure compliance with pesticide recordkeeping requirements.

In 1992, the Department established an initiative to create partnership arrangements between 1890 land grant institutions and USDA agencies. For 1996, AMS is requesting \$1.1 million to establish a Center of Excellence for World Food Distribution Training at Prairie View A&M University in collaboration with Texas A&M University, Texas A&M International University, and Texas A&I University-Kingsville. The Center will provide students at this historically Black university with a strong educational foundation for careers in domestic and international marketing. AMS will serve as the lead agency in providing support to the Center in conjunction with the Economic Research Service, the Food and Consumer Service, the Consolidated Farm Service Agency, and the Foreign Agricultural Service.

Payments to States. Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. This program is funded at the 1995 level.

Section 32 Funds. Section 32 funds are used to administer marketing agreements and orders at the national level and for public hearings and producer referenda. Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated producers and handlers. For 1996, legislation will be proposed to convert funding for the Federal administration of marketing agreements and orders from section 32 funds to increased assessments on producers and handlers benefitting

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from marketing agreements and orders. This proposal will generate \$10.5 million in new user fees. The reduction will be offset by one-time conversion costs of \$0.5 million.

Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic food assistance programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal government.

Perishable Agricultural Commodities Act Trust Fund. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee assessed against marketers of such products.

Commodity Grading Services. AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI)	\$122.2	\$121.7	\$125.2
International Programs	8.4	9.7	9.8
Screwworm	31.2	34.0	34.0
Fruit Fly Management, Import/Export, etc.	16.9	16.1	16.2
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surv. . . .	62.9	59.3	59.3
Plant Pest Survey	22.3	18.3	18.7
Animal and Plant Health Regulatory Enforcement	6.0	5.9	5.9
Pest and Disease Management:			
Animal Damage Control Operations . . .	26.2	26.6	20.3
Biological Control	6.2	3.9	3.3
Brucellosis Eradication	28.2	27.8	21.6
Plant Pest Management	6.6	5.5	4.5
Aquaculture, Boll Weevil, Grasshopper, etc.	32.7	36.7	25.3
Animal Care	9.8	9.6	9.5
Scientific and Technical Services	56.5	57.0	56.7
Contingency Fund	2.8	4.9	20.0
Total APHIS, Salaries and Expenses	438.9	437.0	430.3
Emergency Programs	19.6	7.4	- -
Puerto Rico Cattle Tick	12.5	9.6 <u>a/</u>	- -
Trust Funds	8.1	6.9	7.0
Buildings and Facilities	10.1	7.0	12.5
Total, APHIS Program Level	489.2	467.9	449.8

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ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS) - Continued

(Dollars in Millions)

Program.	1994 Actual	1995 Current Estimate	1996 Budget
Existing User Fees	-\$8.1	-\$6.9	-\$7.0
AQI User Fees	- -	- -	-100.3
New User Fees	- -	- -	-8.2
Emergency Programs	-19.6	-7.4	- -
Puerto Rico Cattle Tick	-12.5	-9.6 a/	- -
Total, APHIS Appropriations	<u>\$449.0</u>	<u>\$444.0</u>	<u>\$334.3</u>

a/ Reflects proposed rescission of \$2.9 million in 1995.

The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests. The major areas of activity are as follows:

- Inspection and quarantine at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for State, local, and private action;
- Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, or natural resources;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

APHIS is headquartered in Washington, D.C., and conducts agricultural pest and disease inspection services at all major airports, shipping ports, and land borders. The agency's field activities are managed through 10 regional offices and 440 field offices. Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments. To accomplish its mission, APHIS employs 5,118 full-time and

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1,814 part-time employees. In 1995, APHIS proposes closing eight field offices and will consider further consolidation opportunities.

The 1996 budget proposes \$430.3 million for Salaries and Expenses, a \$6.7 million decrease below the 1995 current estimate. The decrease primarily reflects program successes in brucellosis eradication, the discontinuation of the Congressional add-on for boll weevil, and administrative efficiencies and staff year reductions. The budget also proposes general reductions in pest and disease management activities, while expanding the contingency fund to provide flexibility for combatting emergency outbreaks of plant pests and animal diseases. Selected program activities are discussed below:

Agricultural Quarantine Inspection (AQI). The AQI program is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. User fees are charged for inspection of international passengers, aircraft, ships, rail and trucks. The 1996 budget proposes \$125.2 million for AQI activities, an increase of \$3.5 million from the 1995 current estimate. The increase will be used to acquire new x-ray machines, computers, and permanent staffing to provide quicker and better service to passengers at the ports of entry. For 1996, it is proposed that AQI fees shall be available for authorized purposes without further appropriation.

Screwworm. The Screwworm Eradication Program protects the U.S. livestock industry from reinfestations by eradicating screwworm from Mexico and Central American countries. The Agency is progressing toward establishing a permanent, sustainable barrier south of Mexico. The programs in Guatemala, Belize, and El Salvador closed in 1994 after completion of the countrywide reviews to verify their screwworm-free status. Honduras is approximately 90 percent screwworm free. Nicaragua is the focal point of the program at this time. The 1996 budget proposes funding of \$34 million, the same as the 1995 current estimate.

Animal Health Monitoring and Surveillance (AHMS). This program funds animal disease surveillance and detection, emergency disease preparedness and response, animal health monitoring, and an epidemiological delivery system at \$59.3 million in 1996, the same as 1995.

Plant Pest Survey. This new program activity combines domestic pest survey and detection activities previously funded through separate line items for fruit fly detection, pest detection, grasshopper (surveys and monitoring), gypsy moth, miscellaneous plant pests, honeybee pests, imported fire ant, noxious weeds, pink bollworm, and witchweed program line items. It provides early detection of exotic plant pests to prevent sustained infestations and monitors the effectiveness of plant pest management programs. The 1996 budget requests \$18.7 million, as compared to \$18.3 million in 1995.

Animal Damage Control (ADC) Operations. This program mitigates damage caused by wildlife primarily to agricultural and natural resources as well as to human health and safety. The budget proposes funding of \$20.3 million, a decrease of \$6.3 million below the 1995 current estimate. APHIS will reduce current programs involving direct control

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and rely on States and private entities to assume greater responsibility for activities involving direct control of damage by predators.

Biological Control. APHIS provides an integrated pest management approach to control agricultural pests of economic importance, usually in a cooperative effort with Federal and State agencies. This program activity includes surveys of predators, release of natural control agents, and evaluation of the effectiveness of using such agents. This line item includes portions of the previous sweet potato whitefly and biocontrol program line items. The 1996 budget proposes funding of \$3.3 million.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. The 1996 budget proposes \$21.6 million for brucellosis eradication, a decrease of \$6.2 million below the 1995 current estimate. The success of the eradication program is significant. Nationwide there are 32 States, plus Puerto Rico, and the U.S. Virgin Islands, in Class "Free" status; 18 States in Class "A" status. Four Class "A" States are expected to reach Class "Free" status in 1995. Class "A" States have a brucellosis infection rate of no more than 0.25 percent for the previous year. At the close of September 1994 there were only 172 herds under quarantine for brucellosis compared to 283 herds at the end of September 1993.

Plant Pest Management. This program conducts control and regulatory activities necessary to eliminate or restrict the economic and environmental damage caused by specific plant pests. APHIS proposes \$4.5 million for 1996, a decrease of \$1 million from the 1995 current estimate for Plant Pest Management activities. Savings obtained by restructuring previous program activities for golden nematode, Mediterranean fruit fly, Mexican fruit fly, gypsy moth, noxious weeds, and the pink bollworm are reflected in this request. APHIS will continue to perform certification inspections of regulated articles and conduct public information/education activities to prevent the spread of plant pests through artificial movement. An expanded contingency fund is proposed to combat emergency outbreaks of plant pests and animal disease.

Contingency Fund. The budget proposes funding of \$20 million, an increase of \$15.1 million above the 1995 current estimate. The contingency fund provides funds for controlling outbreaks of insects, plant diseases, animal diseases and for the control of pest animals and birds to meet emergency conditions. Criteria generally used for assessing emergency conditions include: (1) a pest or disease is new to this country, poses an economic threat to the industry or consumers, and no program exists; (2) a pest or disease problem exists for which APHIS has a current program, but the problem is far beyond usual expectations or far removed from previously identified outbreaks; or (3) a pest or disease was eliminated or reduced, but is now a threat to re-infest or build-up as a result of unusual or unexpected changes in weather or other natural conditions. Increasing the contingency fund is expected to reduce the need for transfers of Commodity Credit Corporation funds for emergency operations.

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Buildings and Facilities. This separate APHIS appropriation proposes \$12.5 million, an increase of \$5.5 million over the 1995 appropriation. It includes \$7 million for annual repairs, maintenance, alterations and renovations at existing facilities and structures; \$2 million to complete the outdoor holding pens at the Denver Wildlife Research Center in Fort Collins, Colorado; and \$3.5 million for modernization costs at the Plum Island Animal Disease Center in Plum Island, New York, to complement the Agricultural Research Service \$5 million request for these costs.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Salaries and Expenses:			
Grain Activities	\$10.8	\$11.3	\$11.0
Packers and Stockyards Activities	12.1	12.0	12.7
Existing User Fees	31.5	42.8	42.8
Total, GIPSA Program Level	54.4	66.1	66.5
Existing User Fees	-31.5	-42.8	-42.8
New User Fees	--	--	-16.5
Total, GIPSA Appropriations	\$22.9	\$23.3	\$7.2

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established pursuant to the 1994 reorganization. GIPSA consolidates the activities of the former Federal Grain Inspection Service and Packers and Stockyards Administration. The agency establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency also provides assurance for the financial integrity of the livestock, meat, and poultry markets. The agency monitors competition in order to protect producers, consumers, and industry from deceptive and fraudulent practices which affect meat and poultry prices.

GIPSA sets grain quality standards; conducts inspection and weighing services for exported grain; supervises 18 designated State and 69 private agencies for inspection and weighing services at domestic locations; provides supervision and other services from 24 field offices; and handles appeals of inspection services in Kansas City, Missouri. Packers and Stockyards Programs promote fair business practices and a competitive

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marketing environment for the marketing of livestock, meat, and poultry through 11 field offices. GIPSA accomplishes its functions by employing 763 full-time and 112 part-time or temporary employees throughout the United States. GIPSA will consolidate seven Grain Inspection offices and one Packers and Stockyards Programs field office in early 1995 to reduce costs and improve service delivery.

For 1996, the budget proposes a program level for grain inspection of \$53.8 million with \$7.2 million being appropriated from general taxpayer funds for the grain inspection activities to address compliance activities and for methods development. The methods development activities include new and improved tests and procedures for determining grain quality, the economic analysis of consequences from changing such procedures, and also determining the criteria and recommending specifications for grain inspection instrumentation. The 1996 budget proposes legislation to authorize the collection of \$3.6 million in new user fees to cover costs of grain standardization activities.

The 1996 budget proposes \$12.7 million for Packers and Stockyards Programs, which includes an increase of \$0.6 million to strengthen the poultry compliance activities. The agency would conduct more inspections in order to prevent unfair, deceptive, or discriminatory practices by poultry dealers.

The 1996 budget proposes legislation to authorize a dealer trust similar to that of the packer trust. The program cost of \$0.2 million would be recovered through license fees. The proposed dealer trust would require livestock inventories and accounts receivable due from the sale of livestock to be held in trust for unpaid cash sellers when a dealer fails to pay for livestock. Dealer financial failures represent a significant amount of unrecovered losses in the livestock marketing chain.

The 1996 budget also proposes legislation to authorize the collection of license fees to administer the Packers and Stockyards Act (the Act). License fees would be applied to those subject to the Act (i.e., packers, livestock dealers, and meat buyers) to protect them from unfair and fraudulent marketing practices.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES

The Departmental offices provide leadership, coordination and support for all administrative and policy functions of the Department. These offices assist program agencies throughout the Department in their efforts to provide efficient and effective service to all USDA customers.

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Departmental Offices:			
Office of the Secretary	\$8.8	\$8.6	\$9.5
Departmental Administration			
Staff Offices	24.3	27.3	28.3
Office of the Chief Financial Officer . . .	4.1	4.1	5.0
Office of the General Counsel	26.0	26.0	27.9
Office of the Inspector General	65.5	63.3	64.7
Office of Communications	8.9	8.8	8.9
Executive Operations:			
Chief Economist	3.8	3.8	4.2
National Appeals Division	11.7	11.8	12.2
Office of Budget and Program			
Analysis	5.9	5.8	5.9
Office of Small and Disadvantaged			
Business Utilization	0.7	0.7	0.7
Total, Executive Operations . . .	22.1	22.1	23.0
Total, Departmental Offices	\$159.7	\$160.2	\$167.3

The 1996 budget for the Departmental offices reflects a 3 percent reduction in administrative expenses and an increase for salary and non-salary costs. Programmatic increases are discussed below along with a description of the mission of each Departmental office.

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Office of the Secretary (OSEC). This account funds the immediate offices of the Secretary, Deputy Secretary, Under Secretaries, and the Assistant Secretaries as they direct and coordinate the work of the Department. These offices provide policy direction for all areas of the Department and maintain a liaison with the Executive Office of the President and members of Congress on matters pertaining to USDA programs. The enacted reorganization legislation does not change the overall mission of OSEC. However, the account will now fund the new Under Secretary for Food Safety and will no longer fund the Chief Financial Officer or the Assistant Secretary for Economics (now the Chief Economist).

Departmental Administration (DA) Staff Offices. The Assistant Secretary for Administration oversees the DA staff offices which provide overall direction, coordination and technical assistance to USDA's agencies in the development and implementation of Departmental policies for administrative management functions. The Assistant Secretary also provides an important leadership role in the Department's labor-management partnerships. In addition, the DA staff offices provide direct operational services to OSEC and the Departmental staff offices.

The staff offices under the jurisdiction of the Assistant Secretary include: Operations, Personnel, Information Resources Management, Civil Rights Enforcement, the Modernization of Administrative Processes Staff, the Administrative Law Judges and Judicial Officer, the Disaster Management and Coordination Staff and the Board of Contract Appeals.

The 1996 request for DA includes increases to provide stronger centralized oversight to correct deficiencies in the Department's management activities. These improvements should result in savings to the Department over the long-term. The specific increases are as follows:

- Operations. The request includes an increase of \$202,000 to implement National Performance Review (NPR) initiatives for procurement reform, and improve oversight of USDA's procurement activities.
- Information Resources Management. An increase of \$300,000 to provide advanced IRM training and to support NPR recommendations for improved data communications and networking capabilities.
- Modernization of Administrative Processes (MAP). The request includes \$342,000 for planning, evaluation and oversight activities of the MAP office. This staff works with the agencies and the Chief Financial Officer to reengineer administrative processes in the Department to achieve efficiencies and integrate these processes with a modern accounting and financial reporting system.

Civil Rights Enforcement (OCRE). While the budget does not propose an increase for OCRE, the request does reflect a consolidation of the Department's equal employment

DEPARTMENTAL ACTIVITIES

opportunity counseling function from USDA agencies to OCRE. This reorganization of activities is designed to provide better service to USDA employees.

Office of the Chief Financial Officer (OCFO). The OCFO consolidates the Chief Financial Officer and staff with the former Office of Finance and Management. This Office is responsible for direction and oversight in the development of Federal financial management structures and systems in USDA. The OCFO also provides direct budget support to OSEC and the Departmental staff offices.

The 1996 request proposes \$5 million for OCFO which includes a program increase of \$735,000 and 8 staff years above the 1995 appropriation. The additional funds are requested to implement much needed financial systems oversight as required by the Chief Financial Officers Act, to correct deficiencies in the Department's financial management systems that have been identified by OCFO and the USDA Inspector General, and to provide better stewardship over the substantial resources entrusted to USDA.

Office of the General Counsel (OGC). The OGC serves as the legal advisor and counsel for the Secretary and the program agencies of the Department. The Office also provides legal services for the Department, which include but are not limited to: providing legal advice, representing the Department in administrative proceedings, assisting the Department of Justice in cases involving USDA, and representing the Secretary and the Commodity Credit Corporation before the Interstate Commerce Commission, the Federal Maritime Commission and the Interstate Trade Commission. The 1996 proposal includes an increase of \$500,000 to improve office automation by replacing outdated hardware and software.

Office of the Inspector General (OIG). The OIG conducts and supervises audits and investigations relating to programs and operations of the Department, recommends policies and activities to promote economy and efficiency, recommends policies and activities to prevent and detect fraud and mismanagement in the operations of the Department, and keeps the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of the Department's programs.

The OIG request for 1996 includes an increase of \$850,000 to fund mandatory availability pay for investigators and \$400,000 for updated radio equipment for undercover law enforcement operations. The new radio equipment will meet new requirements set forth by the National Telecommunications and Information Administration, Department of Commerce. In addition, the request reflects a reduction of \$500,000 which was provided by the Congress in 1995 for OIG activities to eliminate waste, fraud, and abuse in USDA programs. The Department determined that this additional level of resources is not necessary to conduct an adequate program of activities in this area.

Office of Communications (OC). The OC provides leadership, expertise, counsel, and coordination on matters related to communication strategies, which are vital to the overall formulation, awareness, and acceptance of USDA programs and policies. The OC also

DEPARTMENTAL ACTIVITIES

serves as the liaison between the Department and the many associations and organizations representing America's food, fiber, and environmental interests.

Executive Operations. Executive Operations was established as a result of the reorganization to provide a support team for the Office of the Secretary/Deputy Secretary. This newly configured team includes the Chief Economist, the National Appeals Division, the Office of Budget and Program Analysis and the Office of Small and Disadvantaged Business Utilization.

- Chief Economist. The Chief Economist advises the Secretary on policies and programs related to U.S. agriculture and rural areas, provides objective analysis on the impacts of policy options on the agricultural and rural economy, and participates in planning and developing programs to improve the Department's forecasts, projections, and policy analysis capabilities. Activities under the Chief Economist are: the World Agricultural Outlook Board and the newly created Office of Risk Assessment and Cost-Benefit Analysis (ORACBA). The Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture projections, and coordinates the clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department. The ORACBA coordinates and reviews all risk assessments and cost-benefit analyses prepared in the Department in support of major regulations whose primary purpose is to regulate issues of human health, human safety, or the environment, and publishes these assessments and analyses for the public. The budget proposes increases of \$109,000 for one additional staff, \$135,000 for ORACBA contracts, and \$92,000 for foreign data and analysis for the Board.
- National Appeals Division (NAD). NAD is responsible for making final determinations on all administrative appeals of program decisions rendered by the Consolidated Farm Service Agency, the Rural Housing and Community Development Service, the Rural Business and Cooperative Development Service, the Rural Utilities Service, and the Natural Resources Conservation Service. NAD is independent from the agencies that administer USDA programs to ensure the fair treatment of all USDA clientele. The consolidation of the appeals staff within one organization provides a streamlined and coordinated process for USDA program appeals.
- Office of Budget and Program Analysis (OBPA). OBPA provides direction and administration of the Department's budgetary functions; reviews program and legislative proposals for program and budget related implications; analyzes program resources issues and alternatives; and provides Departmentwide coordination for and participation in the presentation of budget related matters to the committees of the Congress, the news media and the public. OBPA also provides Departmentwide coordination of the preparation and processing of the legislative program, legislative reports and regulations.

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- Office of Small and Disadvantaged Business Utilization (OSDBU). OSDBU oversees agency procurements to assure maximum participation of small and disadvantaged business in the Department's contracts for goods and services; and directs and monitors USDA agencies' compliance in promoting full and open competition in the Department's contracting process.

CENTRALIZED ACTIVITIES

The Department has a number of centralized activities which have separate appropriations. These centrally managed operations provide efficient, economical services through economies of scale and management attention for the benefit of all participating agencies. The following activities are managed by the Departmental staff offices or coordinated at the Departmental level.

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Centrally Financed Activities:			
InfoShare (Total)	\$21.9	\$19.5	\$159.0 <u>a/</u>
Advisory Committees	0.9	0.9	0.9
Agriculture Buildings and Facilities	135.0	135.0	135.8
Hazardous Waste Management	15.8	15.7	15.7 <u>b/</u>
 Total, Centralized Activities	 \$173.6	 \$171.1	 \$311.4

a/ Includes up to \$100 million from the Commodity Credit Corporation.

b/ In addition, approximately \$30 million in other agencies will be used for this activity.

InfoShare. The InfoShare program is a partnership among Agricultural, Rural Development, Natural Resource agencies and the customer, to provide improved service at less cost, where customers experience that they are being served by only one agency: Team USDA. Through this program, the Department will improve information resources management, data sharing and communications among the partner agencies to provide better, more efficient service to customers at the county-based USDA Service Centers.

The success of a streamlined USDA relies on a redefined USDA field office. For the customer, the field office of the future will offer such benefits as a central location to obtain information and to submit program applications, compatible electronic data and

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more accurate and timely data regarding regulatory compliance. For USDA, this new office structure will provide improvements such as streamlined business processes, an integrated telephone system, and compatible computer systems to ease data gathering and sharing.

The 1996 InfoShare budget will support an expansion of the business process reengineering effort, streamlining processes such as program enrollment and the award of benefits. Funds are also provided for consolidating telecommunications lines (voice and data), resulting in improved service and some cost savings. Additionally, recognizing that the existing computer systems do not have the capacity or capability to meet emerging program requirements, resources are identified to modify and transform the information infrastructure, increasing the compatibility and moving toward a common platform. Funds are identified to support the development of common data bases to simplify information sharing. In 1996, InfoShare will support the upgrade and replacement of existing automated systems which have decayed, have been proven obsolete, or no longer provide adequate capacities to address current customer service needs.

In 1994 and 1995, the partner agencies (the Consolidated Farm Service Agency, the Natural Resources Conservation Service, and the Rural Housing and Community Development Service) and the Commodity Credit Corporation (CCC) funds have been pooled to support the InfoShare program. The proposed total 1996 InfoShare program is supported by a combination of appropriated funds and funds provided by the CCC for use in InfoShare efforts currently supportable under the terms of the Corporation.

Agriculture Buildings and Facilities. The Department's Strategic Space Plan for buildings and facilities is based on projected reductions in staff at Washington headquarters over the next five years. In 1996, the Department is requesting \$135.8 million for its facilities programs. The major component is \$90.0 million for rental payments to the General Services Administration (GSA). This will fully fund GSA for rental charges for all buildings other than the Department's headquarters complex. Beginning in 1995, USDA assumed enhanced management responsibilities for its Washington, D.C. complex. This is in keeping with the National Performance Review recommendation that GSA "empower" Federal agencies to "choose among competing real estate management enterprises."

In 1995, USDA initiated a strategic plan to modernize its headquarters, reduce costs, and improve efficiency. The 1995 appropriation funded the concept design and the design for Phase I of the overall renovation of its largest building, the South Building, and the first phase of construction of a new facility in Beltsville. Renovating the South Building will replace outdated and inadequate major utility systems, correct serious health and safety problems, and increase capacity by a minimum of 1,500 staff. The construction of a new facility at Beltsville will result in cost savings, by avoiding renting commercial office space for staff dislocated during the renovation of the South Building, and by allowing USDA to move staff currently housed in commercially rented space to USDA facilities once the renovation is completed. Once the Strategic Space Plan is complete, USDA employees will be consolidated at two locations, eliminating the need for commercial space currently leased in 18 different locations in the Washington metropolitan area.

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The request includes \$25.6 million, an increase of \$6.2 million over the 1995 appropriation, to complete the construction of the Beltsville office facility and provide systems furniture for the new facility. The request also includes \$20.2 million for building operations and maintenance to provide for necessary repairs until the South Building renovation project can be completed. To assure completion of the Beltsville facility prior to initiation of the South Building renovation and due to funding constraints, the 1996 budget does not include funds for the renovation project. However, the Department plans to move forward with this project in 1997.

Hazardous Waste Management. The budget proposes \$15.7 million to continue funding for Hazardous Waste Management at the 1995 level. Resources from the central account are allotted to agencies according to priority needs. USDA agencies are responsible for hazardous waste clean-up activities and agency funds, as well as funds from this appropriation, are used to cover the costs associated with these activities. The Department's hazardous waste management program works to identify, assess, contain and clean up hazardous waste sites in areas covered by programs of the Department or within Departmental jurisdiction. The program is designed to promote facility compliance under the requirements of the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act. These Acts require Federal agencies to meet the same standards for storage and disposition of hazardous waste as private businesses. In addition, approximately \$30 million of funds from other Department agencies will be used for hazardous waste management activities.

APPENDIX

Integrated Pest Management and Related Programs

The USDA Strategic Plan for Integrated Pest Management (IPM) calls for implementation of IPM on 75 percent of crop acreage by the year 2000. The IPM plan is an effort to coordinate the USDA research and extension programs with regional or State cooperators and producers who will implement IPM production practices. The Plan features close collaboration with producers, the Environmental Protection Agency (EPA), and among USDA agencies. Priorities will be established through a local/regional planning process with input from producers. This strategic effort will be supported by the recently signed USDA-EPA Memorandum of Understanding for critical pest control technologies. Key components of the initiative follow:

Cooperative State Research, Education and Extension Service. CSREES will fund research through a regional system of competitive awards to develop improved pest management systems and biological controls. Funds will be directed to priorities identified through the local/regional process. CSREES also proposes a \$4.5 million program of competitive grants to develop alternative pest controls for crop-pest combinations where only one or a limited number of options are available. As appropriate, funds will be targeted to cases where pesticides are under EPA review for possible actions to limit their availability.

Cooperative Extension programs will provide funds through formula distribution and competitive awards to support IPM education and demonstration projects consistent with priorities identified through the local/regional planning process. States will be required to complete a priority setting and planning process as a condition of eligibility to compete for additional funds to support education and demonstration projects.

Agricultural Research Service. Consistent with priorities established through the local/regional process outlined in the plan, ARS will establish areawide pest management approaches in cooperation with other agencies and private entities. Potential areawide pest management pilot studies include codling moth on tree fruits, corn rootworm, pink bollworm on cotton, tobacco budmoth on cotton, and potato insects.

National Agricultural Statistics Service. The National Agricultural Statistics Service will increase funding by \$6.3 million to collect and analyze data on rates of implementation of IPM and to expand collection of data on pesticide use. This is part of a joint effort with the EPA to collect data on all uses of pesticides, agricultural and nonagricultural. AMS will strengthen the program conducted with EPA to assist producers and applicators meet their recordkeeping responsibilities.

Economic Research Service. ERS will support the IPM initiative through project and overall program evaluation and analysis of NASS survey data on pesticide use and IPM implementation.

Finally, there are several programs conducted to facilitate the movement of high priority pest controls through the EPA pesticide registration process. USDA agencies provide

APPENDIX

critical assistance in assuring the availability of adequate pest controls for minor uses, which include most fruits and vegetables, through the IR-4 pesticide clearance program by funding necessary field trials and laboratory analysis. The proposed increase will help eliminate a backlog of data needed for new registrations to replace materials that are no longer effective or where registrations have been canceled through regulatory actions. The Department also assists the registration process through the National Agricultural Pesticide Impact Assessment Program (NAPIAP), a program of information gathering and analysis on the current uses of agricultural pest control materials and the economic consequences of alternative materials and/or management practices. Funds proposed for applicator training would expand programs at the State level to provide education to pesticide applicators, including training in IPM, endangered species, and improved application techniques.

APPENDIX

Integrated Pest Management and Related Programs

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
IPM Initiative - Research and Extension to address producer-identified needs			
CSREES:RE IPM Research Grant Prog.	\$3.0	\$2.7	\$7.0
CSREES:RE Research on alternatives . .	0.0	0.0	4.5
CSREES:Ext. IPM application	8.5	10.9	15.0
ARS Areawide IPM Research	3.8	4.5	9.5
ERS IPM Research	0.2	0.2	0.3
Total, Initiative	15.5	18.3	36.3
Ongoing Research and Application Programs - IPM and Biocontrol			
CSREES:RE NRI, Formulas, other	39.6	39.6	38.0
ARS Research	55.0	59.9	58.4
FS-IPM Research	10.0	10.7	10.7
ERS Research	0.1	0.1	0.1
Total, Ongoing Research	104.7	110.3	107.2
APHIS Application	18.6	18.0	15.6
CFSA-ACP IPM Application	8.5	10.8	11.8
FS-IPM Application	18.9	7.5	7.1
Total, Application	46.0	36.3	34.5
Pesticide Use Data Collection and Analysis			
NASS Pesticide use surveys	3.6	3.6	9.9
ERS Pesticide use analysis	1.2	1.2	1.2
AMS-Pesticide recordkeeping	1.3	1.5	4.2
Total, Data Collection and Analysis . . .	6.1	6.3	15.3
Pesticide Registration, Clearance, Assessment, Training			
ARS-Minor use clearance (IR-4)	2.1	2.1	2.1
CSREES:RE Minor use clearance (IR-4)	6.3	5.7	15.0
ARS/CSREES/ERS/FS NAPIAP	6.4	6.2	7.8
CSREES:Ext. Applicator training	0.0	0.0	2.0
Total, Pesticide Registration	14.8	14.0	26.9
Total, IPM and Related Programs . .	\$187.1	\$185.2	\$220.2

APPENDIX

"Greenbox" Programs

The budget proposes an increase of \$600 million in the program levels for a number of USDA activities during the 1995 to 1998 period. These proposals comply with an Administration commitment to increase the program levels for "greenbox" and other GATT consistent export promotion and related programs over the next 5 years. (The budget provides for these increases over the next 4 years, rather than 5 years as originally proposed.)

The "greenbox" commitment was made during Congressional consideration of the GATT Uruguay Round implementing legislation in response to concerns which had been raised by Members of Congress with the reductions in spending for agriculture-related programs which are to occur as a result of Uruguay Round implementation. Funding for the increased program levels is to be met partially through savings generated through enactment of crop insurance reform legislation and, to the extent that those savings are not sufficient, through increases to be proposed in the President's annual budget submissions.

The "greenbox" proposals in the budget include increased funding for both discretionary and mandatory programs. The discretionary programs include a new direct loan program for the Alternative Agricultural Research and Commercialization Center to sponsor research, pilot demonstration projects, and workshops to adapt alternative agricultural products for commercialization in foreign markets.

Increased discretionary funding is also proposed for programs and activities of the Foreign Agricultural Service (FAS). The increases will support an expansion of FAS overseas counselor/attache posts and Agricultural Trade Offices; trade shows and missions; Foreign Market Development Cooperator Program; Cochran (Agricultural) Fellowship Program; and administration of export promotion programs. Funding is also proposed to establish an FAS Sanitary and Phytosanitary team to address SPS trade policy issues and for the Federal/State Market Improvement Program, under which matching grants will be provided to States to develop innovative marketing techniques for use in international markets and to improve State expertise in providing services to agricultural businesses seeking to enter export markets.

Mandatory programs included in the "greenbox" package include the implementation of a new activity as part of the GSM-102 export credit guarantee program, i.e., Supplier Credit Guarantees. The mandatory programs also include proposed increases in Food for Progress food aid donations during 1995 and 1996, and in the 1995 program level for the Market Promotion Program to its fully authorized level of \$110 million. These two program level increases will be proposed as 1995 supplemental appropriation actions, the costs of which will be offset by the savings achieved as a result of enactment of crop insurance reform legislation. A legislative proposal to increase Food for Progress programming in 1997 will be submitted at a later date.

"Greenbox" Programs**1995 - 1998**
(\$ Millions)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1995-98</u>
<u>Discretionary Funding:</u>					
Alternative Agricultural Research and Commercialization Center					
Direct Loan Program <u>a/</u>	0.0	\$25.0	\$25.0	\$25.0	\$75.0
FAS Office and Exporter Assistance Expansion <u>b/</u>	0.0	5.9	5.9	5.9	17.7
FAS Sanitary and Phytosanitary Crisis Unit	0.0	0.8	0.8	0.8	2.4
Foreign Market Development					
Cooperator Program	0.0	2.0	2.0	2.0	6.0
Federal/State Market Improvement Program	0.0	1.5	1.5	1.5	4.5
Subtotal, Discretionary	0.0	35.2	35.2	35.2	105.6
<u>Mandatory Funding:</u>					
Food for Progress Donations <u>c/</u>	\$60.0	60.0	50.0	0.0	170.0
Market Promotion Program	24.5	0.0	0.0	0.0	24.5
CCC Supplier Credit Guarantees	0.0	100.0	100.0	100.0	300.0
Subtotal, Mandatory	84.5	160.0	150.0	100.0	494.5
Total, Greenbox Increases	\$84.5	\$195.2	\$185.2	\$135.2	\$600.1

a/ AARC is administered by the Rural Business and Cooperative Development Service.b/ Includes increased funding for agricultural counselor/attache posts and ATOs; trade shows and trade missions; the Cochran (Agricultural) Fellowship Program; and administration of export promotion programs.c/ The increase in program level for Food for Progress includes funding for both commodity purchases and non-commodity (e.g. transportation) costs. The non-commodity portion is one-third of the total program level increase, i.e., \$20 million in 1995 and 1996 and \$17 million in 1997.

APPENDIX

Programs to Support 1890 Institutions

The Federal Government has had a long standing policy of making extra efforts to support Historically Black Colleges and Universities (HBCUs). President Clinton issued E.O. 12876 in November 1993 calling on departments and agencies to reach out to HBCU's and the Department of Agriculture continues to give high priority to programs and activities carried out at the 1890 Institutions and Tuskegee University, the 17 Historically Black land grant institutions in the Southern States. Formula grants for research and extension represent a significant part of the USDA support for these institutions.

The 1996 budget includes a proposal to continue the program of construction grants for research, extension and teaching facilities, and to begin a new program of competitively awarded matching grants for new construction, repair, and renovation. A total of \$15 million, a 90 percent increase over 1995, is proposed for these high priority construction grants.

There is a proposal to fund the Research and Teaching Capacity Building Grants program, the central element of the Department's 1890 initiative, at \$10.6 million. This is an increase from 1995 of 6 percent.

USDA agencies have given high priority to establishing mutually beneficial partnerships with 1890 institutions to conduct a wide range of programs and activities. These partnership relationships provide the basis for centers of excellence which are on-campus entities dedicated, in part, to addressing specific USDA agency program needs. Seven such centers have been, or will be, established with funds available through 1995 including planning and beginning operations at the World Food Distribution Training Center (WFDTTC) at Prairie View A&M University in Texas.

The WFDTTC is an ambitious undertaking to design and conduct a teaching program on transportation, trade and related subjects at four cooperating Texas universities. The program addresses the needs for transportation related expertise of five USDA agencies who have supported planning and development activities. The 1996 budget includes a request for \$1.1 million for the Agricultural Marketing Service to finance the fully operational program. Strong support from other public and private entities is anticipated in future years.

Two new centers are proposed for 1996: A center at Alcorn State University will conduct work related to hog production and marketing through cooperatives in cooperation with the Agricultural Research Service and the Rural Business and Cooperative Development Service. A center at Virginia State University will conduct work related to water quality in cooperation with the Natural Resources Conservation Service.

APPENDIX

Programs to Support 1890 Institutions

Program Level
(Dollars in Millions)

Program	1994 Actual	1995 Current Estimate	1996 Budget
Cooperative State Research, Education and Extension Service			
Evans-Allen formula	\$28.2	\$28.2	\$28.2
Extension formula	25.5	25.5	26.2
Research and teaching capacity building	9.9	9.9	10.6
Facility grants	7.9	7.9	15.0
Other cooperative research and extension	6.1	5.8	4.4
Total	77.6	77.3	84.4
Agricultural Research Service	1.8	1.9	2.3
Forest Service	4.1	3.9	3.9
Natural Resources Conservation Service	2.5	3.2	3.7
Other Agencies	11.0	7.5	11.0
Total	\$96.9	\$93.8	\$105.3

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UNITED STATES DEPARTMENT OF AGRICULTURE Budget Authority (Dollars in Thousands)

Agency	1994 Actual	1995 Current Estimate	1996 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Consolidated Farm Service Agency	\$3,778,104	\$3,338,640	\$3,713,655
Commodity Credit Corporation Programs	12,400,235	8,895,301	8,532,806
Foreign Agricultural Service	120,731	112,380	123,701
P.L. 480	953,113	756,858	521,822
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT			
Rural Utilities Service	-357,101	-414,472	-764,043
Rural Housing and Community Development Service	1,827,689	1,996,556	1,842,631
Rural Business and Cooperative Development Service	115,508	138,965	1,067,226
Performance Partnership Program			(1,049,974)
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Consumer Service	39,832,342	40,646,793	42,510,744
Section 32 Funds	123,015	81,380	121,063
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	1,365,380	828,770	1,024,140
Forest Service	3,554,746	3,361,402	3,176,046
FOOD SAFETY			
Food Safety and Inspection Service	520,544	544,570	490,422
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	757,043	769,880	754,110
Cooperative State Research, Education, and Extension Service	935,658	930,063	881,463
Economic Research Service	55,368	53,905	55,032
National Agricultural Statistics Service	81,814	81,235	90,068
MARKETING AND REGULATORY PROGRAMS			
Agricultural Marketing Service	167,601	157,336	157,890
Animal and Plant Health Inspection Service	476,181	460,508	441,615
Grain Inspection, Packers & Stockyards Administration	22,948	23,314	7,205
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	8,796	8,620	9,485
Executive Operations	22,015	22,162	23,029
Chief Financial Officer	4,141	4,133	4,952
Departmental Administration	22,037	27,279	87,347
Hazardous Waste Management	15,802	15,700	15,700
Agriculture Buildings and Facilities	134,969	135,013	135,774
Advisory Committees	940	928	885
Office of Communications	8,919	8,766	8,890
Office of the Inspector General	65,530	63,288	64,739
Office of the General Counsel	25,992	25,992	27,860
Gifts and Bequests	975	2,535	2,535
Subtotal	67,041,035	63,077,800	65,128,792
Offsetting Receipts	-1,456,083	-1,226,515	-1,139,581
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$65,584,952	\$61,851,285	\$63,989,211

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UNITED STATES DEPARTMENT OF AGRICULTURE Outlays (Dollars in Thousands)

Agency	1994 Actual	1995 Current Estimate	1996 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Consolidated Farm Service Agency	\$4,279,878	\$3,256,980	\$3,867,637
Commodity Credit Corporation Programs	10,335,652	10,623,285	9,072,635
Foreign Agricultural Service	129,414	113,290	129,737
P.L. 480	1,541,785	1,027,128	595,961
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT			
Rural Utilities Service	-113,733	-123,430	240,150
Rural Housing and Community Development Service	1,605,327	2,177,747	1,691,661
Rural Business and Cooperative Development Service	64,649	95,048	203,297
Performance Partnership Program			(121,603)
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Consumer Service	36,644,068	38,726,532	40,151,915
Section 32 Funds	118,367	107,937	30,525
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	1,021,826	1,074,477	981,808
Forest Service	3,352,732	3,166,773	3,149,310
FOOD SAFETY			
Food Safety and Inspection Service	513,305	529,464	484,821
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	735,271	772,922	768,207
Cooperative State Research, Education, and Extension Service	905,444	918,803	942,412
Economic Research Service	57,398	53,644	54,929
National Agricultural Statistics Service	76,977	79,796	88,108
MARKETING AND REGULATORY PROGRAMS			
Agricultural Marketing Service	158,094	159,190	161,375
Animal and Plant Health Inspection Service	485,293	441,840	415,952
Grain Inspection, Packers & Stockyards Administration	23,789	22,739	6,960
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	8,425	8,541	9,373
Executive Operations	20,714	21,686	22,964
Chief Financial Officer	2,198	4,042	4,921
Departmental Administration	10,231	24,328	81,667
Hazardous Waste Management	25,165	15,731	15,700
Agriculture Buildings and Facilities	109,325	139,434	139,432
Advisory Committees	629	936	898
Office of Communications	8,589	9,033	8,783
Office of the Inspector General	62,870	62,976	64,605
Office of the General Counsel	25,920	25,896	27,762
Gifts and Bequests	939	2,535	2,535
Working Capital Fund	-1,940	0	0
Subtotal	62,208,601	63,539,303	63,416,040
Offsetting Receipts	-1,456,083	-1,226,515	-1,139,581
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$60,752,518	\$62,312,788	\$62,276,459

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

	1993 Ceiling	1994	1995	1996	1997	1998	1999	Change 1993-1999 Amount	Percent
Consolidated Farm Service Agency.....	8,367	7,838	7,473	7,475	7,335	7,257	7,055	-1,312	-15.7%
Non-Federal County (Excluding Disaster).....	(13,726)	(12,799)	(12,560)	(12,560)	(12,560)	(12,560)	(12,560)	(-1,166)	(-8.5%)
Foreign Agricultural Service.....	923	906	908	923	892	869	836	-87	-9.4%
Rural Utilities Service.....	890	891	876	850	782	713	680	-210	-23.6%
Rural Housing and Community Development Service.....	8,144	7,792	7,565	7,320	7,029	6,855	6,634	-1,510	-18.5%
Rural Business and Cooperative Development Service.....	435	425	412	400	362	322	306	-129	-29.7%
Food and Consumer Service.....	2,008	1,932	1,941	1,941	1,913	1,872	1,813	-195	-9.7%
Forest Service.....	43,006	40,574	40,712	40,473	39,670	38,757	37,520	-5,486	-12.8%
Natural Resources Conservation Service.....	13,790	13,317	12,784	12,457	12,206	11,927	11,549	-2,241	-16.3%
Food Safety and Inspection Service.....	9,948	10,109	10,303	10,581	10,625	10,619	10,560	612	6.2%
Animal and Plant Health Inspection Service.....	6,474	6,553	6,387	6,259	6,092	5,961	5,773	-701	-10.8%
Agricultural Marketing Service.....	4,092	4,021	4,073	4,004	3,894	3,811	3,700	-392	-9.6%
Grain Inspection, Packers and Stockyards Administration..	940	871	885	880	867	848	822	-118	-12.6%
Agricultural Research Service.....	8,423	7,950	7,989	7,901	7,804	7,721	7,476	-947	-11.2%
Coop. State Research, Education & Extension Service.....	408	424	400	405	399	393	381	-27	-6.6%
Economic Research Service.....	788	717	620	620	620	620	620	-168	-21.3%
National Agricultural Statistics Service.....	1,151	1,110	1,107	1,132	1,115	1,091	1,057	-94	-8.2%
Office of the Secretary.....	93	81	98	97	96	93	90	-3	-3.2%
Executive Operations.....	284	269	275	276	271	265	259	-25	-8.8%
Office of the General Counsel.....	420	402	406	402	402	393	381	-39	-9.3%
Office of the Inspector General.....	850	825	831	825	811	795	770	-80	-9.4%
Office of Communications.....	150	135	141	140	138	135	131	-19	-12.7%
Departmental Administration.....	1,037	1,005	1,019	1,018	993	970	940	-97	-9.4%
Office of the Chief Financial Officer.....	1,365	1,433	1,425	1,393	1,352	1,310	1,257	-108	-7.9%
Subtotal, USDA.....	113,986	109,580	108,630	107,772	105,668	103,597	100,610	-13,376	-11.7%
Thrift Savings Plan.....	220	250	264	281	300	320	340	120	54.5%
Total, USDA.....	114,206	109,830	108,894	108,053	105,968	103,917	100,950	-13,256	-11.6%

APPENDIX

1995 Supplementals (Dollars in Thousands)

Agency	Budget Authority	Outlays	
	1995	1995	1996
Supplementals:			
Food Safety and Inspection Service	\$9,082	\$9,082	0
<ul style="list-style-type: none"> This supplemental would help pay for costs not adequately covered by the 1995 agriculture appropriations act. 			
Market Promotion Programs	24,500	2,940	\$17,395
<ul style="list-style-type: none"> Restores the program to its fully authorized level of \$110 million in support of the Administration's "greenbox" proposals. 			
Food for Progress	60,000	24,000	60,000
<ul style="list-style-type: none"> Increases food aid donations by \$60 million in support of the Administration's "greenbox" proposals. 			
Total, Supplementals	<u>\$93,582</u>	<u>\$36,022</u>	<u>\$77,395</u>

APPENDIX

1995 Rescissions (Dollars in Thousands)

Agency	Budget Authority	Outlays	
	1995	1995	1996
Rescissions:			
Animal and Plant Health Inspection Service:			
Cattle Tick Eradication Program in			
Puerto Rico	-\$2,900	-\$2,442	-\$458
<ul style="list-style-type: none"> This proposal reflects savings from the elimination of funding for a cattle tick eradication program in Puerto Rico conducted by APHIS. The eradication program has been ongoing since the early 1980's. The current eradication strategy does not appear to be effective, and therefore, it is a low priority activity. Federal involvement in the program would be eliminated. 			
Foreign Agricultural Service:			
P.L. 480 Title I Credit Sales	-50,000	-28,500	-18,500
<ul style="list-style-type: none"> Reduces subsidy budget authority by \$43.9 million and direct credit by \$54.1 million. Ocean freight differential is reduced by \$6.1 million. 			
P.L. 480 Title III Grants	-92,500	-27,750	-59,200
<ul style="list-style-type: none"> Reduces Title III government-to-government grants by \$92.5 million. 			
Total, Rescissions	<u>-\$145,400</u>	<u>-\$58,692</u>	<u>-\$78,158</u>

1996 Proposed Legislation
(Dollars in Thousands)

Agency/Program	Budget Authority	Outlays
REINVENTING GOVERNMENT PROPOSED LEGISLATION:		
Performance Partnership Proposal:		
<ul style="list-style-type: none"> Funding for the Performance Partnership Proposal is included in the three RECD agencies. Under the proposal, portions of the current law budget would be subject to the proposal's more flexible provisions. In most cases, the same amount of funding is being requested under current law and under the proposal. However, in the case of Rural Rental Housing Loans and Assistance Payments, only a small portion of each program is subject to the proposal because the bulk of funding for these programs is needed to service existing projects. Savings of \$17.7 million are expected in 1996. 		
Performance Partnership Proposal	\$1,049,974	\$121,603
Sources of Funding:		
Rural Utilities Service (RUS):		
Solid Waste Management Grants	-3,000	-30
Rural Water and Waste Disposal Grants	-590,000	-23,600
Rural Water and Waste Disposal Loans Program Account	-218,218	-24,331
Rural Housing and Community Development Service (RHCD):		
Rental Assistance Payments	-15,517	-419
Rural Community Fire Protection Grants	-3,400	-1,530
Rural Community Facility Loans Program Account	-59,587	-21,655
Rural Housing Insurance Fund Program Account	-27,345	-4,375

1996 Proposed Legislation
(Dollars in Thousands)

Agency/Program	Budget Authority	Outlays
Rural Business and Cooperative Development Service (RBCDS):		
Salaries and Expenses	-\$9,589	-\$9,589
Rural Technology and Cooperative Development Grants	-3,800	-380
Local Technical Assistance and Planning Grants	-2,500	-250
Rural Business Enterprise Grants	-48,000	-4,800
Rural Business and Industry Loans Program Account	-30,072	-27,443
Rural Development Loan Program Account	-56,646	-4,572
OTHER PROPOSED LEGISLATION:		
Rural Utilities Service (RUS):		
Distance Learning and Medical (DLM) Link Loan Program Account	3,915	1,175
<ul style="list-style-type: none"> The DLM loans will be used to bring rural areas advanced telecommunications services. This loan program will assist borrowers in making telecommunications and data linkages available as well as purchasing and the installation of hardware. 		
Cooperative State Research, Education, and Extension Service (CSREES)	7,099	355
<ul style="list-style-type: none"> A new program of competitively awarded grants for new construction, repair, renovation, and expansion of research, teaching, and extension facilities at 1890 institutions and Tuskegee University. 		

1996 Proposed Legislation
(Dollars in Thousands)

Agency/Program	Budget Authority	Outlays
Food Safety and Inspection Service (FSIS)	- \$106,767	- \$106,767
• New user fees are proposed to recover 100 percent of the cost of providing inspection service beyond a primary approved shift for meat, poultry and egg processing establishments.		
Animal and Plant Health Inspection Service (APHIS)	- 8,203	- 8,203
• New user fees for animal welfare, biotechnology/environmental protection, and veterinary biologics.		
Grain Inspection, Packers and Stockyards Administration (GIPSA)	- 16,474	- 16,474
• New user fees are proposed to recover the cost of standardization activities and license fees to administer the Packers and Stockyards Act.		
Agricultural Marketing Service (AMS):		
• New user fees are proposed to recover the cost of standardization	- 3,887	- 3,887
• New user fees are proposed to recover the cost for administering marketing agreements and orders	- 10,451	- 9,932

APPENDIX

USDA Reorganization

Under Secretary for Natural Resources and Environment

Reorganization Act

Previous

Forest Service

No change

Natural Resources Conservation Service

Soil Conservation Service

Agricultural Stabilization and
Conservation Service:

Wetlands Reserve Program
Water Bank Program
Forestry Incentives Program
Colorado River Basin Salinity
Control Program

Farmers Home Administration:

Agricultural Resource
Conservation Demonstration
Program

APPENDIX

Under Secretary for Farm and Foreign Agricultural Services

Reorganization Act

Previous

Consolidated Farm Service Agency

Agricultural Stabilization and
Conservation Service:

Income and price support
programs (CCC)

Conservation Reserve
Program

Agricultural Conservation
Program

Emergency Conservation
Program

Farmers Home Administration
Farmer Programs

Federal Crop Insurance
Corporation

Foreign Agricultural Service

No change

APPENDIX

Under Secretary for Rural Economic and Community Development

Reorganization Act

Rural Utilities Service

Previous

Rural Electrification Administration:

Telephone/electric programs
Distance learning/medical
link programs

Rural Development Administration:

Water/sewer programs
Watershed and Flood
Prevention Loans
Resource Conservation
and Development Loans

Rural Housing and Community Development Service

Farmers Home Administration:

Rural housing programs

Rural Development Administration:

Community Facility Loans
Rural Community Fire
Protection Grants

Rural Business and Cooperative Development Service

Rural Development Administration:

Business and Industry Loans
Intermediary Relending Prog.
Rural Bus. Enterprise Grants
Local Technical Assistance
and Planning Grants
Rural Technology and
Cooperative Devel. Grants

Rural Electrification Administration:

Rural economic development
loans and grants

Alternative Agricultural Research and Commercialization

APPENDIX

Under Secretary for Food, Nutrition, and Consumer Services

Reorganization Act

Food and Consumer Service

Previous

Food and Nutrition Service

Office of the Consumer Advisor

Under Secretary for Food Safety

Reorganization Act

Food Safety and Inspection Service

Previous

Food Safety and Inspection
Service

Agricultural Marketing Service:
Egg Products Inspection
Program

Animal and Plant Health
Inspection Service:
Pre-harvest Pathogen
Reduction Program
Salmonella enteritidis

APPENDIX

Under Secretary for Research, Education, and Economics

Reorganization Act

Previous

Agricultural Research Service

Agricultural Research Service

National Agricultural Library

Cooperative State Research, Education
and Extension Service

Cooperative State Research
Service

Extension Service

Economic Research Service

Economic Research Service

Office of Energy

National Agricultural Statistics Service

No change

Assistant Secretary for Marketing and Regulatory Programs

Reorganization Act

Previous

Animal and Plant Health Inspection Service
without the Pre-harvest Pathogen Reduction
Program and *Salmonella enteritidis*

Animal and Plant Health
Inspection Service

Agricultural Marketing Service
without the Egg Products Inspection
Program

Agricultural Marketing Service

Grain Inspection, Packers and
Stockyards Administration

Federal Grain Inspection Service

Packers and Stockyards
Administration

APPENDIX

Assistant Secretary for Administration

<u>Reorganization Act</u>	<u>Previous</u>
Civil Rights Enforcement	No change
Information Resources Management	No change
Operations	No change
Personnel	No change
Administrative Law Judges/Judicial Officer	No change
Board of Contract Appeals	No change

Assistant Secretary for Congressional Relations

<u>Reorganization Act</u>	<u>Previous</u>
Office of Congressional and Intergovernmental Relations	Congressional Relations Staff Office of Intergovernmental Affairs (transferred from the Office of Public Affairs)

Director of Communications

<u>Reorganization Act</u>	<u>Previous</u>
Office of Communications	No change

General Counsel

<u>Reorganization Act</u>	<u>Previous</u>
Office of the General Counsel	No change

Inspector General

<u>Reorganization Act</u>	<u>Previous</u>
Office of the Inspector General	No change

APPENDIX

Chief Financial Officer

Reorganization Act

Office of the Chief Financial Officer

Previous

Finance and Management

Executive Operations

Reorganization Act

Executive Operations:

Chief Economist
(Includes the Office of Risk Assessment
and Cost-Benefit Analysis)

Assistant Secretary for
Economics

World Agricultural Outlook Board

Economic Analysis Staff

Budget and Program Analysis

No change

National Appeals Division

Agricultural Stabilization and
Conservation Service
Appeals Division

Farmers Home Administration
Appeals Division

Soil Conservation Service
Appeals Staff

Federal Crop Insurance
Corporation Appeals Staff

Small and Disadvantaged Business
Utilization

No change

